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# East Europe SUPPLEMENT

JPRS-EER-93-042-S

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18 May 1993

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**\* CNB To Control Inflation With Market Instruments**

93CH0607B Prague HOSPODARSKE NOVINY  
in Czech 19 Apr 93 p 1

[Article by Marcela Doleckova: "The Issuance of Credits Is Rising Relentlessly; the Czech National Bank Will Manage To Keep Inflation Below 15 Percent This Year Only Through the Use of Market Instruments"]

[Text] *Despite the fact that, in the first quarter, consumer prices rose by 10.6 percent, the Czech National Bank [CNB] intends to hold the annual inflation rate below 15 percent. That intention is already reflected in data for March, when the intermonth growth in prices amounted to only 0.6 percent.*

The strategy of the Czech National Bank for this year has already abandoned administrative instruments that were still in use by the State Bank of Czechoslovakia last year (maximum interest rates, minimum interest paid on deposits, credit limits). In response to a question whether the elimination of credit limits might not entice some commercial bank to misuse the situation, the vice governor of the CNB, Jan Vit, stated that the situation has changed for only some banks. They were unable to utilize their relatively large resources themselves and had to deposit them with other banks. Today, greater room has been opened for them in terms of credit expansion, but even those banks are consulting with the CNB in regard to their credit policy.

Instruments through which the central bank can and intends to influence developments now already include "only" the quantity of money within the financial system. That is a matter of refinancing credits or withdrawing money from circulation. Those withdrawing operations played a particularly important role during the period of the separation of the currencies. The banks experienced an influx of quantities of legal tender, and the banks could have used it to expand credits.

Vice Governor J. Vit underscored that the volume of credits granted to the economy is consistently growing: Just this year, the amount increased from 578 billion korunas [Kc] (as of 31 December 1992) to Kc610 billion by 13 April, and, by the end of April, it is expected to amount to Kc615 billion. In other words, for the Czech Republic alone, that increase amounts to more than Kc30 billion during the course of a single quarter.

Despite the fact that the enterprise sphere occasionally complains about the bank of issue, claiming that it does not allow enterprises to arrange for loans abroad, Vit stated that the CNB is very liberal in issuing such permission. In his opinion, such complaints are based on other factors. In his words, many applicants do not even have any idea from time to time, it seems, as to what is being offered to them from abroad and whether it is at all advantageous. It is only the bank that draws their attention to any possible risks involved in credit contracts. He

added that, in 1992, the then central bank allowed credits of that type with a total value of \$500 million.

The development of foreign exchange reserves is considered by the CNB to be satisfactory: At the beginning of January, they amounted to \$840 million; by mid-April, they totaled \$1,551 million. The mood in the market is well illustrated by interbank foreign exchange fixings: In January, the CNB sold approximately \$600 million to commercial banks, but, during February, March, and the first two weeks of April, it repurchased \$485 million from them. Moreover, the CNB undertook several credit operations, including the issuing of bonds, not to mention that it has agreements with some institutions regarding the possible available credit framework, which is, for the time being, not being drawn upon.

Today, there are already some 50 banks in operation in the Czech Republic, many of which are complying with the rules of circumspect business operations according to international standards without any problems; but there are also banks that could have certain difficulties adhering to those rules. Nevertheless, Vit stressed that he knows nothing about the possibility that some bank might be threatened by immediate danger. If the banks prove unable to extricate themselves from their problems, banking oversight will take hold before a collapse can occur. Vit mentioned the fact that, in the Czech Republic, a number of new small banks exist, which came into being only with the required minimum capitalization (Kc300 million) and that it is up to them themselves whether they will forge a place for themselves in the Czech banking world or might be forced to consider, say, mergers.

**\* Effects of Civil Code on Commercial Code**

93CH0607A Prague HOSPODARSKE NOVINY  
in Czech 20 Apr 93 p 7

[Article by Docent Josef Bejcek, doctor of jurisprudence, of the Brno MU Law Faculty: "Contractual Freedom Is Not Unlimited—Complex Relationships Between the Commercial Code and the Civil Code"]

[Text] *Commercial and civil legal regulations are based on the priority of private law over public law. The majority of the rules of conduct established by state power should be utilized in commerce and business only in the event the various sides do not manifest another desire. The principle of contractual freedom is sometimes interpreted to mean that the sides can agree on anything that is not in conflict with the specifications contained in the cogent provisions of Section 263 of the Commercial Code.*

The fact that some provisions that are dispositional in character need not in fact facilitate a choice, in view of their ties to other provisions of a cogent nature, occasionally escapes attention. A serious interpretative problem of this type refers to the character of the arrangement contained in Section 583 of the Civil Code and its applicability, even in the case of relationships regulated by the Commercial Code. The cited paragraph

cogently stipulates (it does not permit any exemptions) that the expungement of rights (preclusion) as a consequence of a failure to assert those rights can occur only in cases listed in the law. The parties cannot deviate from that clause by mutual agreement and cannot even exclude it contractually and agree upon a preclusion of rights by asserting those rights where the law does not so stipulate and where only the negative prescription component of the law is applied.

### Contract Versus Law?

If contractual relationships between parties are governed only by the Civil Code (in the case of so-called absolute noncommercial transactions, according to Section 261, Paragraph 6 of the Commercial Code), they are subject without change to the provisions of Section 583 of the Civil Code as well. Thus, for example, in the case of a purchase agreement between businessmen, the object of which is real estate, the subjective sequential complaint time limit will apply "without undue delay" (directly from the law and as a minimum time limit), and a six-month preclusion time limit will also apply (see Section 599, Paragraph 1 of the Civil Code). In the case of a purchase agreement between businessmen, the object of which is material property, the complaint time limit does apply supportively in accordance with Section 428 of the Commercial Code, but that provision is dispositive in character so that the parties can reject it but it is possible to agree upon preclusive time limits to supplant the prescriptive ones. The conclusion itself offers that, if the responsibility for defects and complaint proceedings are regulated in the Commercial Code by special provision (albeit dispositive in nature), appropriate measures contained in the Civil Code should not be utilized according to Section 1, Paragraph 2 of the Commercial Code.

Given this interpretation, which is based on the broader application of contractual volition according to the Commercial Code and which gives preference to special dispositional provisions of the Commercial Code over general cognitive provisions of the Civil Code, even difficult-to-solve situations could arise.

For example, an agreement between businessmen that includes a preclusive complaint deadline for defect responsibility, based on the Commercial Code, could lead the buying party to later object that, by signing that agreement, it gave up its rights earlier than those rights came into being. It could object that that is a giving up of rights to assert its claims within the framework of the four-year preclusion time limit and that such an agreement is invalid because it is in conflict with the provisions of Section 574, Paragraph 2 of the Civil Code. The possibility of forging an agreement according to the provisions of Section 428 of the Commercial Code could thus come into conflict with the more general cogently stipulated prohibitions contained in the Civil Code.

If the parties (guided by the dispositional character of Section 428 of the Commercial Code) were in fact to

agree that the seller would not bear any responsibility for defects in the items sold, a conflict would develop because of the cogent provisions of Section 574, Paragraph 2 of the Civil Code.

Even if the court were to recognize that the relationship between the Commercial Code and the Civil Code makes such an agreement impossible, it would still need to come to terms with the fact that the basis for honest business contacts certainly does not involve the sale of goods and no subsequent consideration for the customer. If the agreement on the nonexistence of responsibility for defects were not taken into account voluntarily, and if a court enforcement were to develop, the court would not need to grant legal protection to such an agreement precisely because of the conflict with the principles of honest business.

### The Interpretative Problem

Thus, despite the fact that all legal regulation of responsibility for defects in the Commercial Code are dispositive in nature (see Section 263 of the Commercial Code), their total exclusion by an agreement between the parties (much like an agreement that, instead of a negative prescription, the untimely registration of complaints results in a preclusion of the rights involved in the responsibility for defects) is, at the very least, problematic.

Moreover, it is necessary to consider the fact that an even far less serious legal consequence of failing to take timely legal action than a preclusion—which is a prescription—is regulated in the Commercial Code by exclusively cogent standards (Sections 387-408 of the Commercial Code). In addition to the apparent general applicability of Section 583 of the Civil Code, that involves additional supportive arguments against contractual preclusion involved in the rights of responsibility for defects. Generally, the Commercial Code says nothing about preclusion; it only regulates preclusion in some special instances by dispositional standards (for example, in prohibiting competition or in rights involving price clauses).

Next, according to Section 1, Paragraph 2 of the Commercial Code, it is necessary to make use of the provisions of the Civil Code that connect the demise of rights for failure to apply that code within the stipulated time limit only in cases listed in the law (Section 583 of the Civil Code). In that connection, it is possible to argue that the deviation from the dispositive legal regulation in the Commercial Code is possible only in cases where that does not result in the legal action coming into conflict with the cogent Civil Code regulation of questions ignored in the Commercial Code and in which the Civil Code is the generally valid legal regulation (even in the case of commercial relationships) precisely because the Commercial Code contains no special provisions. I therefore believe that it is possible to exclude by contract the preclusion stipulated in dispositive terms in the



Commercial Code (and then, instead of subsidiary preclusive time limits, the cogently stipulated time limits for prescription would apply) but that, on the other hand, it is not possible to validly agree upon preclusion above the framework of the law (Section 583 of the Civil Code).

#### What Would the Court Say?

Perhaps even our courts will gradually find the courage to draw the conclusion from the expectation that the obverse side of contractual freedom is contractual correctness and rule that it is not possible to exclude fairness contractually. The legal support for such an approach is contained, among others, in the enforcement provisions of Section 265 of the Commercial Code, according to which legal protection is not afforded to legal action that is in conflict with the principles of honest business contact. It is true that a very serious consequence here depends on judging an uncertain concept in the moral sphere. But, in blatant cases (as in the exclusion of legal responsibility for defects on the basis of a contract or commercial conditions), the court would clearly violate the cogent legal standard if it were to grant protection to a businessman acting incorrectly.

#### \* 1993 Agriculture Problems Discussed

93CH0607C Prague EKONOM in Czech 21 Apr 93  
pp 38-42

[Interview with Josef Lux, Czech minister of agriculture, by Libuse Bautzova and Eva Klvacova; place and date not given: "Mild Optimism for Czech Agriculture in 1993"]

[Text] *Development of Czechoslovak agriculture over the past decades has been characterized primarily by efforts to attain self-sufficiency. With ample support by the state, given astronomically high subsidies, successful and unsuccessful agricultural enterprises were artificially created, much was being exported to the former USSR, and, with the assistance of propaganda at that time, a sizable portion of our population gained a false impression regarding a prospering agricultural sector. The fact that, under those conditions, we achieved the longed-for (albeit nonsensical) self-sufficiency long before 1989 was, in the end, not even registered. By elevating the right to utilize agricultural property over ownership rights in the 1960's, ownership relationships were distorted and will need to be resolved over several years to come. Despite the shortcomings of the past, now sufficiently well known, including all of their consequences, farmers today are not willing to be reconciled with the fact that rectification is not possible from one day to the next and to realize that the majority of principles, which were asserted for years, must simply be changed. The weekly EKONOM therefore asked Josef Lux, minister of agriculture, to explain current agricultural policy and to respond to some questions that are at the center of attention particularly today.*

[Lux] After 1989, changes in society could understandably not bypass agriculture. In my judgment, the

approval of necessary laws in that area has not been moving along with adequate speed and has contributed to a certain degree of management uncertainty in agricultural enterprises. It is primarily uncertainty regarding property that gave rise to the fact that the short-term view prevailed and that priority was given primarily to operational solutions over the acceptance of any kind of concepts. All of this, together with the liberalization of prices, with the opening up of the scissors between farm prices and input prices—something that could be utilized by monopoly operators—led to a certain slowdown of the entire process of agricultural transformation. It cannot be denied that Czech agriculture is in a difficult situation. In 1992, the volume of agricultural production declined by 12 percent in comparison with 1991, plant production declined by approximately 12 to 13 percent, and livestock production declined by a little less.

[EKONOM] Is it possible to precisely identify the current problems in agriculture or possibly to indicate those that are most serious?

[Lux] The basic task is to adapt the overdimensioned agriculture of the past to current possibilities and requirements of the Czech Republic. The greatest problem undoubtedly involves the rectification of property relationships, which is represented by restitution, the privatization of state agricultural enterprises, and the transformation of agricultural cooperatives. A second fundamental block that must be solved involves structural changes in agriculture that bear not only on production but also on the number of people employed in that area, and so forth. And, finally, the last group of problems is represented by factors that influence the market environment and, thus, also the economic situation of the enterprises, which means taxes, subsidies, prices, the extent of market regulation, the interconnection with primary production, external relationships, and bankruptcies related to those factors, and so forth.

#### Rectification of Property Relationships

[EKONOM] Let us therefore first concentrate on the problem of rectifying property relationships, privatization, and restitution. Where are the greatest complications that are preventing the acceleration of the process? Why, for example, were state farms excluded from the first wave of privatization?

[Lux] The fact that state farms, which operate on approximately 1,216,000 hectares, are being privatized in the second wave (with the exception of about three) I consider to be one of the greatest errors. However, it is necessary to look at everything from even another viewpoint. A tremendous problem is represented by attempts to identify property at all; for example, the question of illegal construction—there are approximately 7,000 such projects—is virtually unsolvable. For years, the Geodetic Survey monitored the users of individual land parcels but not their owners; ownership rights were not recorded. Employees of the Geodetic Survey claimed that just restitution would keep them busy for many

years. The deadline that delegates in the end decided upon for the final settlement of restitutions—the end of 1994—is extremely tough, but it is not possible to keep management in a state of uncertainty for long. We expect that a substantial portion of the restitution claims will be settled this year, but it is not impossible that some cases will spill over into 1995 or even later because they are extremely complicated.

[EKONOM] Of course, the facts are such that, until such time, for example, that the state farms come to terms with restitution, it is not possible to actually privatize them....

[Lux] Yes, the state enterprises have great problems in that a substantial portion of the property here is of a restitutional character; at the present time, the precise final numbers are not known. By 31 January of this year, a total of 245,000 restitution claims were asserted, including about 135,000 having to do with state farm property valued at approximately 40 billion korunas [Kc]. Of the number of applications, some 20,000 were settled by 31 January (out of a total of 50,000 to 60,000). I would like to add that I personally consider it to be a mistake that restitution provisions for legal entities were not successfully adopted.

[EKONOM] Do you consider the main impediment to restitution to be the situation regarding land survey work?

[Lux] In addition to the limited capacities available to geodetic offices, there is another problem, which involves the unwillingness of some individuals to hand over property as required. We solved the first problem by agreeing with the Geodetic Survey that it will solve the claims of those individuals who want to operate on their own land on a priority basis. In the second case, the situation is somewhat more complicated.

[EKONOM] How are you fighting against the unwillingness to turn over property? What are the sanctions in cases in which the determination is made that the individual involved is refusing to hand over property?

[Lux] Where such a problem arises and involves state farms, it is somewhat simpler for us because we have the opportunity of recalling the director and appointing someone else in his place. As far as the other cases are concerned, we are collaborating closely with the Office of the Prosecutor, where, by the end of last year, virtually 900 cases were filed. We activated groups of interested parties at the okres level, which should help in reaching agreements between responsible and entitled individuals. An enterprise that refuses to turn over property will, understandably, not receive a single koruna in subsidy. Of course, the sanction law, which prosecutes specific individuals who are not fulfilling their duties, also has its importance; we are insisting on having the transformation councils of cooperatives in place until such time as the final property share is settled. When

they do not come to settlement even after that kind of pressure, the final solution involves the assertion of the law on bankruptcies.

[EKONOM] What is the current status of privatization in agriculture? How many enterprises have already been privatized and how?

[Lux] Today, there are approximately 9,000 private farmers in the Czech Republic, who operate on 405,000 hectares of agricultural land. In the first and second waves of privatization, a total of 4,632 privatization projects were submitted for the privatization of 1,002 enterprises, the total property of which represented a value of Kc397 billion. Of that sum, Kc310 billion was accounted for by food enterprises and service enterprises, and Kc87 billion was the value of agricultural state farms. In the first wave, approximately two-thirds of the total number of projects were submitted, which amounts to 2,954 projects to privatize 637 enterprises; in the second wave, there were 1,687 projects to privatize 367 enterprises. Unfortunately, the majority of agricultural primary producer enterprises is in the second wave.

[EKONOM] What forms of privatization prevail in the privatization projects? What is your opinion, in this connection, of foreign capital?

[Lux] It is necessary to differentiate between enterprises of the processing industry and primary agricultural production enterprises. In the case of the processing industry, the interest of foreign capital is more evident than it is in terms of primary production; foreign capital plays a substantial role in the overall process of privatization. Foreign investors are very much interested in our processing industry. Of course, their primary interest involves key enterprises. We welcome that activity. Nevertheless, I personally am seeing to it that cases in which an interested party is known ahead of time are minimized, and, on the other hand, that maximum possible use be made of tenders, selection proceedings, and other transparent methods. I would like for the share of foreign investors not to be a majority share in the first phase, and I would like to see capital investment activity increased. As minister of agriculture, I would welcome it if the future activities of foreign investors were to guarantee a certain degree of sales activity (and we have already had the necessary discussions in that direction).

[EKONOM] Let us return to the privatization of agricultural primary production. What are you doing to speed it up?

[Lux] We must consider it a reality that enterprises of agricultural primary production are in the second wave of privatization, a reality about which we can do nothing. But we have taken a number of measures intended to contribute to accelerating the process. Privatization has two goals: to find an owner and to render enterprises viable. As far as the first goal is concerned, we have tasked the Land Fund (*Pozemkový fond*) with the realization phase. Furthermore, we have concluded a four-way agreement between our ministry, the Ministry

of Privatization, the Fund of National Property, and the Land Fund, in which we have agreed on the simplest of rules applicable to the realization process. We also took responsibility for updating all projects with a single goal in mind: to speed up that process. Currently, we also consider it unfortunate if a farmer who has had a privatization project approved must wait until spring for everything to become "official." That is why we have decided with all of the directors of state farms that, by the end of April, whenever it is even slightly possible, property will be turned over on the basis of a regular transfer protocol. In cases where privatization projects are not approved and there is only a single interested party, the property will be sold to that interested party. In cases where several privatization projects were submitted and the decision not yet made, the property will be rented according to the key contained in Law No. 229: if there is a renter, to the renter; if there is no renter, to a private farmer who resides within the community; in the absence of such an individual, to any private farmer; in the absence of such a person, to anyone in the cadastral area of the community; and, if there is no such person, to any citizen of the Czech Republic.

[EKONOM] One step to speed up the process of privatization is surely the possibility of obtaining a 20-year interest-free loan involved in purchasing an agricultural enterprise....

[Lux] Current credit and interest conditions are actually murderous for farmers. I regard the possibility of obtaining 20-year interest-free loans as key to the current process. I consider it substantial that it was possible, within the government, to push through certain matters that make it easier for farmers interested in joining the process of privatization. For example, that involves the possibility of lowering the book value of an enterprise to 43 percent, if the interested party pays at once, and other measures. Today, the question of financing agricultural enterprises is very serious because an entire number of them are heavily indebted, have uncollectible claims, and are in a situation in which no one will lend them money. We therefore agreed with the Land Fund that it will provide guarantees for renters to obtain bank loans.

[EKONOM] A frequent question asked by farmers involves the manner and the timing of supporting the actual interconnection between the processing industry and agricultural primary production.

[Lux] The interconnection is supposed to be assured on the basis of the 20 to 30 percent of the securities of the processing industry that are reserved for entities who operate the land. Although I could bemoan the fact that the restitution of cooperative property was not approved, which would have been the fastest way to effect interconnection, I could criticize my predecessor for not liquidating existing state monopolies with a stroke of the pen. It is also criminal that, in some cases, the Fund of National Property sold those set-aside securities—something we unfortunately can do nothing

about today. This entire process, however, cannot be started before next year, until the privatization of state farms progresses some.

[EKONOM] In what stage is the transformation of cooperatives?

[Lux] By 1 January of last year, there were 1,076 cooperatives that operated on a total of 2,616,000 hectares of land. Through transformation, they became 1,221 cooperatives, operating an average of 1,875 hectares. Thirty-seven corporations were developed, 94 corporations with limited liability, and approximately 100 other different commercial corporations. At the present time, thus, there is a predominant number of cooperatives that have already been transformed, which is very important because it is precisely the transformation of cooperatives that is one of the most important ways of rectifying property relationships.

#### Structural Changes

[EKONOM] What kind of organizational forms in agriculture do you believe will predominate in the immediate future? Do you believe that Czech agriculture will be focused on family farms?

[Lux] First, I would like to say that the view that we tend not to favor private operators or cooperatives is nonsense. I am convinced that, alongside the transformed cooperatives, successful private farmers, family farms, and so forth will also develop. The ratio between them will gradually change over time, poor managers will fail, good ones will succeed—just as in other areas. Private farmers feel today that the average amount of land on which they can effectively operate should be bigger than the allocated 30 to 40 hectares. If anyone thinks that with 5 hectares he can support a family in the classic method of operation, that is a misguided thought. If he has fewer hectares, he has a few possibilities: He can either rent more land or specialize (perhaps he will operate only greenhouses for vegetables), concentrate on intensive livestock production, or become a "metalworking farmer." That means that he will have other employment in addition to working on his farm. Problems are already beginning to crop up in this area that appear to be virtually unsolvable: Private farmers were given loans, they bought new tractors, they introduced new technologies, and they are now finding out that fulfilling their obligations with regard to the bank is an impossibility. As long as individual organizational forms are concerned, I believe that, in the foreseeable future, agricultural cooperatives will still prevail, but successful family farms will grow up alongside them. The relationship between them will become balanced, and life will show which is more competitive.

[EKONOM] Not long ago, the delegates approved an amendment to the law on bankruptcies and settlement. How does the approach to agricultural enterprises differ from other sectors from the standpoint of bankruptcy and why?



[Lux] I feel a duty to support the development of the private sector, and it is evident that private farmers are operating from a disparate starting line. It is therefore necessary to protect them against bankruptcy. We have asserted two key moments in this regard. In the first place, the private farmer is now unequivocally protected for a period of 18 months against the effectiveness of the law. That is very important because, in many cases, those farmers still have not settled all restitution cases, and so forth. The second matter has to do with the seasonal nature of agriculture, in terms of primary production enterprises. In other words, those who operate the land must be unequivocally supported and assured that bankruptcy and settlement would not be realized fundamentally until 1 October. I would like to add that I do not consider bankruptcy to be a tragedy, like total liquidation, but, rather, a method of settling obligations and accounts receivable and tuning a better owner.

[EKONOM] What changes can be expected in terms of employment in the agricultural sector?

[Lux] The trend is clear: The number of employees in agriculture will be lower. The problem lies in the fact that, in rural areas, that could mean pressure on people to leave for the city, and that needs to be prevented by building the infrastructure. For those purposes, we have worked out certain regional programs. For these purposes, we have worked out certain regional programs. Everyone must realize that it is absolutely necessary to change behavior—for example, it is not possible to have tractor operators staying home in the winter—that they must retrain to do other work, that seasonal employees are hired only for the season, and so forth. All of this, however, will not come about until there is great economic pressure, when people experience the feeling of uncertainty.

[EKONOM] Does your ministry intend to somehow influence the structure of agricultural production?

[Lux] Structural changes must be aimed at the gradual balancing between individual forms; in no event is it our motto to merely downsize agriculture. We do want to unequivocally support a drop in the percentage of land under cultivation. In the mountainous and foothill regions of the Czech Republic, there is a large percentage of land under cultivation—approximately 74 percent. We shall strive to bring that percentage down to approximately 65 percent. For the time being, we are not rich enough to be able to afford such a luxury. Similarly, we cannot today afford to haul feed to cows daily and haul manure out. Figuratively speaking, animals must be driven out to pasture in the spring and brought back in the fall. Another structural change is the introduction of industrial crops. We will subsidize the production of rapeseed, flax, and other crops.

#### The Market Environment

[EKONOM] What is the overall volume of resources set aside for subsidizing agriculture?

[Lux] Many people point to the amount of subsidies used in other countries. In our country, the state budget is allocated 2.7 percent for those purposes. In Germany, it is 2 percent and in Austria 2.1 percent. If we had more money, we could pay larger subsidies. Overall, this year expenditures for agriculture should amount to Kc8.1 billion, including Kc5.1 billion to primary production. What is essential in this direction is the fact that commissions at the okres level can make decisions regarding subsidies up to Kc8 million. I consider it a great success that we were able to come to agreement with Mr. Kocarnik regarding the possibility of shifting subsidies from year to year. In any event, it is important to realize that the principal goal of subsidies is to support structural changes rather than preserve production.

[EKONOM] The overall character of the market environment is important to agriculture. Do you, for example, consider the taxation system to be suitable from the standpoint of the agricultural sector?

[Lux] The kind of changes that have occurred here are undoubtedly unprecedented throughout the world. However, we cannot stick our head into the sand in that regard. From the standpoint of agriculture, we anticipate that the new taxation system should mean Kc2-3 billion more for farmers. I consider it important that we succeeded in protecting the exemption for farmers in terms of paying the highway tax, which will mean a plus of Kc1.5 billion. Another important factor is the value-added tax, which is somewhat illogical for farmers. In the spring, farmers expend resources, and they do not market until fall. In the case of private farmers, we are solving that problem through the availability of interest-free loans to bridge that period. We are not able to solve the problem across-the-board; we do not have the resources. That is a task for the minister of finance.

[EKONOM] To what extent are you satisfied with the activities of the Fund for Market Regulation?

[Lux] The effectiveness of the Fund for Market Regulation depends on the amount of resources it has at its disposal, which in our case amounts to Kc3 billion. Those resources essentially make it possible to only "blunt the tips." Actually, the Fund for Market Regulation is not an instrument of significant regulation. If we say that one of the extreme limits is the state plan and the directive method of management and that the other extreme border is a free market without any incursions, then the Fund for Market Regulation is closer to the second proposition. Personally, I believe we must make progress in terms of a certain amount of regulation, and we are therefore preparing a commodities study that would contain certain rules.

[EKONOM] Who is participating in that activity, and what importance will those commodity agreements have?

[Lux] We would like to see the establishment of commodity councils, whose members would be representatives of interested parties—that is, primary producers,



processors, the Agricultural Chamber, the Economic Chamber, and businessmen. That council would establish certain rules for individual commodities: For meat, the important factor would be quantity; for milk, the price; for fruit and vegetables, the time factor, and so forth. Then it is necessary to determine the method by which that agreement would be brought to life in order to be taken into account. Essentially, there are three possible methods: The first method involves the adoption of a law—in other words, market codes (such practices exist in Austria and Germany); the next variation involves tying all resources provided by the state for agriculture to the fulfillment of that agreement; and the third variation, which is possibly the most effective, involves the provision of broad information to the public.

[EKONOM] A topic that results in considerable discussion among farmers and occasionally results in dissatisfaction involves external relationships. Will we be protecting our market, or will we open ourselves to the world?

[Lux] The facts are such that we opened ourselves to the world in November 1989 and, after two years, found that the other markets were closing themselves off. It is with surprise that we are observing the adoption of various standards and regulations to protect the markets of our neighbors. Understandably, under those circumstances,

we must also protect our market, but Czech farmers must know that the measure of protection for our market will gradually be diminished. We are carefully monitoring changes in agricultural policy in both the European and the worldwide context, and I believe it would be a great mistake if we were to copy the currently relatively strong protectionist policies of, say, Bavaria or Austria.

#### Future

[EKONOM] How do you see the immediate future of our agriculture?

[Lux] I am convinced that, after rectifying property relationships, we have the prerequisites to very quickly become competitive—over the course of the next two or three years. And our trading partners know this well. From the longer range viewpoint, we must gradually place more emphasis on the extraproduction functions of agriculture—in other words, on the landscape-formation factors, the ecology, the sociological aspects, the regional aspects, and so forth. I believe that is where farmers must conduct their fight for public opinion, which is not inclined favorably toward them—frequently unjustly so. Society must realize the importance of agriculture. In fact, I believe that, although the present situation looks somewhat dramatic, we have reason to be mildly optimistic.

**\* Opposition Investigates Charges Against Boross**  
*93CH0583A Budapest MAGYAR HIRLAP*  
*in Hungarian 10 Apr 93 p 4*

[Article by Pal Szombathy: "The Responsibility of Confidentiality Fell on Representatives of the '23 October Committee'; Former Police Officers Provided Further Information"]

[Text] SZDSZ [Alliance of Free Democrats] Representative Imre Mecs said that the almost three-hour-long hearing of the group of representatives investigating the 23 October 1992 events was very useful and valuable. During that hearing, the four former police officers (Gyula Illes, Ferenc Labanc, Mihaly Galbacs, and Laszlo Nagy), who became known in the wake of Jozsef Torgyan's parliamentary comments, provided information to the politicians who have been conducting the investigation since last year.

In addition to the police officers, Imre Mecs (SZDSZ), Gyorgy Janosi (MSZP [Hungarian Socialist Party]), and three independent representatives (Kata Beke, Zoltan Kiraly, and Vilmos Bereczki) were present at the Friday afternoon hearing. Following the consultation, Imre Mecs (the leader of the group of representatives) said that the information provided by the police officers can help the group's work, but, because of the confidential nature of the information, no detail may be publicly disclosed. Mecs said that they will soon inform other parliamentary committees as well—including the Committee on Local Government and the Committee on National Security—about the Friday meeting.

The group wants to make a complete report on the results of their investigation at a plenary session of parliament, preceding the agenda. Mecs was unable to give the date of that report; he thought that another month would be needed to complete their work. Although it seemed until now that the investigation could be closed, further investigation is needed because of the new details that came to light. Incidentally, the group's main purpose in requesting information from the police officers yesterday was to conduct a thorough investigation of the 23 October events, but the police officers' statements made before a notary public was also discussed during the hearing. Thus, the representatives received information which they must, even as private citizens, forward to parliament's special committees.

The group says that the inclusion of official parliamentary committees would be justified. The details the legislators learned about necessitate hearings of additional persons (no one was mentioned by name), and Mecs did not exclude the possibility of meeting again with the four police officers. Mecs said that, in the interest of a proper investigation, they do not by any means want to interfere with the proceedings of the Attorney General's Office and that they avoid even a hint of exerting any influence. Imre Mecs also mentioned the possibility of having to hear again Interior Minister

Boross, and officials of the National Police Headquarters and the Budapest Police Headquarters.

MSZP Representative Gyorgy Janosi said that the most important thing was that the former police officers accepted the group as one to which their responsibility of confidentiality did not apply. The police officers talked about "many things" and, thus, the responsibility of confidentiality has now been "transferred" to the representatives. Janosi disclosed no details except that they have learned about additional documents which—the police officers think—could serve as evidence even for an investigation by the state attorney.

These are official, internal police documents; this is one reason why the group called upon parliamentary committees which have a much more extensive authority. According to the group, providing the documents is extremely important—and the National Assembly must also take the necessary measures. In connection with confidentiality, Janosi pointed out that it is stated in the regulations regarding the legal status of representatives that the latter must also treat confidentially any information connected to state and service matters. According to the statute, state secrets may not be disclosed to a representative without justification; on the other hand, those who provide the information have the right to determine justification. The former police officers felt that they had to provide the information and, hence, the responsibility of confidentiality fell on the five representatives. For this reason, the number of facts that may be made public is extremely limited.

Gyorgy Janosi said that they received information which allowed them to conduct their investigation with more credibility and in greater detail. He added that these documents may allow them to determine who would be politically responsible. There are two possibilities of making the investigation public: They will either inform parliament without disclosing any confidential information, or request a closed plenary session for their verbal report. In the latter case, the responsibility of confidentiality would fall on all representatives, said Gyorgy Janosi.

Of the four police officers, it was Lieutenant Colonel Gyula Illes, the Budapest police chief's former deputy for criminal investigation, who talked to the press. He said that, according to the law, representatives may acquire confidential information, i.e., the police officers acted legally in providing the information. National interest was not shortchanged by the fact that representatives acquired confidential information. Illes said that they would have been willing to talk to government officials as well, but no one came to see them. Actually, their only option was to come before the "23 October Committee." He said that the meeting was exhaustive, covering every detail and providing an answer to every question raised by the representatives.

Although the former police officers are unaware of any threats made to them, they do feel a kind of fear. What

they fear most is that, as a result of their action, they may be charged with libel. Illes said that proper police operations are in the interest of the public. Illes and his colleagues have not yet received any information about whether the state attorney's investigation has already begun. On the other hand, they found it peculiar that police subordinates, who were mentioned in their statements, already know that they will have to appear in hearings around 20 April.

**\* FIDESZ Congress Prepares Way for 1994 Campaign**

**\* Orban: National Commitment**

93CH0621A Budapest PESTI HIRLAP in Hungarian  
19 Apr 93 p 1

[Article by Imre Bednarik: "FIDESZ Remained FIDESZ; The First Chairman"]

[Text] Viktor Orban became the first chairman of the Federation of Young Democrats [FIDESZ] after 411 delegates voted 338 against 73 invalid votes at the party's Debrecen congress to select their new leader.

"We are going to have a liberal, moderate center party running in the elections, one that is committed to the nation, if I have the support of both the membership and the renewed party to the end, and if those who find me unfit for the chairmanship are also willing to cooperate," Viktor Orban said after the announcement of the results.

FIDESZ retained its original name, abolished the 35-year age limit, and adjusted its organizational structure to correspond with the prevailing structure of the Hungarian party system. The National Council was replaced by a 55 member National Board, and the former board was replaced by an 11 member National Presidium. The members of the Presidium are: Viktor Orban, chairman, Gabor Fodor, Peter Molnar, Tamas Deutsch, Tamas Tirts, Zoltan Rockenbauer, Zsolt Nemeth and Zoltan Trombitas, vice chairmen, the incumbent faction leader and the chairman of the National Board. In a statement issued at the congress, FIDESZ made clear that it was prepared to take the responsibility to govern. Tripling the present membership of FIDESZ' parliamentary faction was set by Viktor Orban as a minimum election goal, and winning the 1994 elections was established as the maximum expected result.

Laszlo Kover has the best chance of being elected to take over the faction leader's post held thus far by Viktor Orban; Kover's election to that post may be expected to take place this week.

**\* Party Organization**

93CH0621B Budapest PESTI HIRLAP in Hungarian  
19 Apr 93 p 6

[Article by Imre Bednarik: "Age Limit Abolished; Protective Wall Against the Left"]

[Text] Having abolished the upper age limit of 35 years, henceforth Hungarian citizens may become FIDESZ

members at age 16, instead of the former age 14, according to the bylaws of the Young Democrats completed at dawn on Saturday.

Responding to our inquiry, National Assembly Representative Laszlo Kover, one of the framers of the new organizational and operating rules said that more than 500 amendments had been offered to the bylaws, and that as adopted, the final version of the bylaws determined FIDESZ' functioning in the long term. The National Council has been replaced by a 55-member board, composed of 8 delegates from Budapest and 46 delegates from the countryside, and with the incumbent chairman of the party as an ex officio member. The National Board is being transformed into an 11 member presidium; this integrates 8 vice chairmen, the faction leader, the party chairman and the chairman of the National Board. Every local, county and national organization of FIDESZ elects a chairman and a vice chairman, in a manner similar to other party structures. The National Board was authorized to enter into an agreement with the National Organization of High School Students, a political organization. One of the most significant changes is that only one FIDESZ group may be formed within the jurisdiction of any autonomous local government. Laszlo Kover explained that this was necessary because despite personal ambitions and political differences, they want to project a unified image and philosophy, unlike other Hungarian political forces.

The National Board will decide concerning the nomination of national assembly representatives running on individual or regional slates, based on negotiations with the local organizations.

**\* Various Political Views**

93CH0621C Budapest PESTI HIRLAP in Hungarian  
19 Apr 93 p 6

[Article by Imre Bednarik: "The Third Path Belongs to the Liberals; From the Civil Center"]

[Text] National Assembly Representative Zoltan Rockenbauer opened the Saturday morning debate over the political statement. "There is a third path," he noted, "but this is not the path followed by Gyula Fekete, Jr., but the already well-traveled path of West European liberal democracy." In his view, Hungary can be brought out of the crisis to which it was sunk by the Kadar era only by a government composed of civic, centrist forces. At the 1990 elections the people of Hungary voted against the communist system and for the establishment of democracy, and for the expansion of human and civil rights. The Antall government, on the other hand, squandered the confidence of the voters. It promised a great deal, but produced very little. An increasing number of people would like to see a return of the Kadar system, even though 85 percent of the people did not vote for the socialists at the elections.

During the debate over the political statement one could sense that various personalities of the party had different views about the future of FIDESZ. Gabor Fodor stressed the importance of a pure liberal populist party, based on tolerance of different ways of thinking and on respect for human rights.

He mentioned that even though the popularity rating of the young democrats was very high, FIDESZ could easily fall through in 1994 due to the two-stage election system. For this reason it was very important for FIDESZ to tighten its relations with the Alliance of Free Democrats [SZDSZ]. Peter Molnar called attention to the fact that an increasing number of people characterized FIDESZ as a conservative force, despite the fact that its cultural and human rights programs were liberal to a maximum degree. He noted that no squeezing-out game could be played within FIDESZ; every minority view had to be tolerated. In Istvan Hegedus' view, dialogue with the MDF [Hungarian Democratic Forum] could evolve only if that organization freed itself from the extreme right-wing politics of Istvan Csurka, and they could sit down to negotiate with the MSZP [Hungarian Socialist Party] only if that party rejected the social welfare demagoguery it pursued thus far. In contrast, Zoltan Trombitas said that a high wall must be erected on the left side, and not even the smallest opening on that wall could be made, under any circumstance.

#### \* Orban's Speech, Party Program

93CH0621D Budapest PESTI HIRLAP in Hungarian  
19 Apr 93 p 6

[Article by Imre Bednarik: "Viktor Orban on the Party, the Future; Instead of the Little Bench, on the Beginners' Team"]

[Text] "Today, we are able to set as an objective minimum goal the tripling of our present faction membership, and we must strive to win the elections, as the maximum result. There is a chance for that today. We would be conceited if we took an election victory for sure, on the other hand, failing to establish this as a goal to be achieved would attest to irreparable weakness," Viktor Orban said in his chairman's campaign speech.

In reviewing five years of FIDESZ activity, the chairman designate stressed that the fact that they had formed an independent party and had not become the youth organization of the SZDSZ was not due to a historical coincidence. "We had not been squeezed out to form FIDESZ, instead, we consciously chose independence, and I, personally, represent politics which rule out the possibility of FIDESZ becoming an auxiliary team to any political force," he said. In his view, pragmatism was one of the secrets of FIDESZ' success, the kind of practical politicking that focused attention on vital issues confronting the country.

In Orban's view the upcoming years hold a number of threats and tormenting moments for Hungary. For this

reason, the idea of political cooperation has not lost its validity. Although an opportunity for broader cooperation has already withered away, they were able to achieve at least an agreement between the civil centrist forces for future cooperation. This is expressed by the agreement reached by FIDESZ and the SZDSZ.

Orban would like to see a situation in which FIDESZ became part of the beginners team in Hungarian politics, instead of sitting on a small bench in parliament, but it would not like to achieve this at any price, and not in the framework of any government, in which people burdened with the crimes of the past system could also appear.

After the chairman's campaign speech the delegates adopted the congress' program statement debated Saturday, which, in part, characterizes the activities of the Antall government, as viewed from FIDESZ' vantage point, and, in part, offers an alternative for the period after the elections. Hungary could not survive another four years of MDF governance, according to the program statement.

Nevertheless, FIDESZ views the country's future with confidence. They cannot promise miracles if they accede to governmental power, but with sober and predictable politics they are going to be able to establish conditions for an uplift. FIDESZ is starting to develop a new constitution without further delay, and it is initiating measures to reform the election system in order to permit the evolution of a parliament that is much smaller in terms of the number of representatives, but one that operates more efficiently. FIDESZ guarantees the freedom of the press and of mass communications. They would discontinue the anarchy in government insofar as privatization is concerned, and would introduce stringent austerity measures regarding the use of cash funds.

The centerpiece of their economic policy is the catalyzing of economic growth. The social welfare system must serve the most dependent strata of society, thus, it must support young families with several children in particular. FIDESZ would guarantee to everyone a basic pension as a right based on citizenship. They would halt the continued deterioration of public security, and would regard education as an especially significant task.

FIDESZ accepts the responsibility of governance, the program statement issued by the FIDESZ congress concludes.

#### \* Orban-Fodor Conflict

93CH0621E Budapest PESTI HIRLAP in Hungarian  
19 Apr 93 p 6

[Interview with Viktor Orban, newly elected chairman of the Federation of Young Democrats, by Imre Bednarik; place and date not given: "Without a Fault"]



[Text] *Istvan Hegedus's and Gabor Fodor's proposal prevailed in the new FIDESZ bylaws, insofar as eight vice chairmen were elected by the delegates, instead of the originally planned six. When Gabor Fodor also argued for the change, many remarked that the Orban-Fodor conflict had once again gained strength. We inquired from Viktor Orban regarding this matter.*

[Orban] I do not think that this conflict is stronger than at any time before. No one has questioned the basic goals of FIDESZ, and there is no personal conflict between the two of us. The trouble began when it turned out that there were two political trends within the party, and that one wanted to change our traditional perceptions. There is no fault line within FIDESZ.

[Bednarik] FIDESZ is first among the Hungarian political parties to announce its election goals. Does this mean that the election campaign has begun?

[Orban] The campaign begins only two months before the elections, but we would be wasting our time denying that we are preparing ourselves for a long march. The timing of the election of a chairman was no coincidence, because from here on someone—I—must lead the party to the elections.

#### \* Economic Program

93CH0621F Budapest PESTI HIRLAP in Hungarian  
19 Apr 93 p 6

[Interview with Kalman Mizsei, economic expert of the Federation of Young Democrats, by Imre Bednarik; place and date not given: "FIDESZ's Prescription for the Economy; Stringency in Taxation"]

[Text] *Tax reductions, cutting the budget deficit, accelerated privatization including Western multinational firms—this is the centerpiece of FIDESZ' economic program. We conversed with Kalman Mizsei, the economic expert of the Young Democrats and head of the economic policy program of the East-West Studies Institute of New York.*

[Mizsei] During the past 40 years the previous system impoverished the country and its citizens, and even eradicated opportunities for rapid capital accumulation in Hungary after the free elections. For this reason, managing today's large enterprises, operating at a loss, without the injection of Western capital is inconceivable.

[Bednarik] What benefits do you intend to offer to stimulate private businesses?

[Mizsei] We want to reduce the pressure on individuals as a result of streamlining the tax system and by abolishing certain types of taxes. Social security contributions taken from wages cannot be increased further in our view, and the 50 percent maximum personal income tax rate must be reduced in order to stimulate business ventures. Only in this way is it possible to reduce the number of unemployed which is reaching a critical point.

[Bednarik] How could you reduce the budget and the state household deficits while maintaining or reducing the present level of taxes?

[Mizsei] We need a real sharing of the public burden. We must broaden the scope of persons subject to taxation, and we must introduce a tax enforcement system that is far more stringent than what we have today.

[Bednarik] How much time would FIDESZ require to stimulate the economy?

[Mizsei] Solid economic growth is conceivable only within 2-3 years, because the government to take power in 1994 is going to inherit a similar legacy to what the Antall cabinet did in 1990.

#### \* Ukraine's Ethnic Hungarian Minority Expands Activities

##### \* Meeting With Deputy Secretary

93CH0629A Uzhhorod IGAZ SZO in Hungarian  
17 Apr 93 p 1

[Unattributed report: "The Chairman of the KMKSZ in Ukraine's Ministry of Foreign Affairs; Before Significant Steps"]

[Text] On Tuesday afternoon, Ukraine's First Deputy Minister of Foreign Affairs Mikola Makarevich received in his Kiev office KMKSZ [Cultural Federation of Subcarpathian Hungarians] Chairman Sandor Fodo. At the meeting, which materialized at the host's initiative, special emphasis was put on issues concerning the situation of Subcarpathian Hungarians and Ukrainian-Hungarian relations. In connection with the latter, Sandor Fodo said that the KMKSZ has a vested interest in closer relations between the two countries, and that he wants to play an active role in that.

Fodo expressed his satisfaction regarding the Ukrainian national minority law, which corresponds to European standards, guaranteeing for the minorities both the establishment of cultural autonomy and the use of native tongues and national symbols. But he also mentioned a deficiency [in the law], namely, that the practical application of these rights is only possible where minorities constitute the majority. The KMKSZ is of the opinion that the law would completely fulfill expectations only if it were based not on majority but on the ratio of Hungarians in Subcarpathia's entire population. He also pointed out to the deputy minister that the KMKSZ will exercise its legal rights and will take significant steps this year toward implementing cultural autonomy. Mikola Makarevich assured Fodo of his unqualified support.

##### \* Hungarian Scientific Association

93CH0629B Uzhhorod IGAZ SZO in Hungarian  
17 Apr 93 p 1

[Article by Csilla Fedinec: "The Hungarian Scientific Association of Sub-Carpathia Has Been Formed"]

[Excerpts] "The Sub-Carpathian Scientific Association will be formed today for scientifically serving and pro-

tecting Sub-Carpathian and Ruthenian cultural interests and values. It is not my task today to evaluate its significance from the aspects of language and local culture and science, but I believe that everyone is aware of this event's importance. (...) Although long overdue, it is only now that this Sub-Carpathian and Ruthenian cultural and spiritual fortress is being established, destined to accomplish a mission that is great even from the aspect of the—correctly interpreted—Hungarian ideal of St. Stephen." These were the words with which Knight Miklos Kozma, Sub-Carpathia's second governor's commissioner, greeted the participants of the Sub-Carpathian Scientific Association's statutory meeting more than half a century ago, on 26 January 1941. Antal Hodinka was the first chairman of the association.

Although that association was abolished in 1944, it conducted important activities during those few wartime years. That was the model for the Ungvar [Uzhhorod] Center for Hungarology when they decided to create an organization that would unify and support the region's intellectuals committed to science.

The statutory meeting of the Hungarian Scientific Association of Sub-Carpathia [KMTT] took place on 14 April 1993 in the Center for Hungarology where the bylaws presented by the planning committee were accepted. It is stated in the bylaws, among other things, that the KMTT's mission is to work out and implement humanistic and scientific programs, to be engaged in publishing activities (publishing scientific works, textbooks, and methodological information), and to organize scientific activities.

During the meeting, Peter Lizanec was elected chairman of the KMTT. Zoltan Fabry and Sandor Almassy were elected deputy chairmen. [passage omitted]

Emil Szemrad's proposal that, in addition to its scientific activity, the association should also develop a club life in order to have an exchange of information and to have members get to know each other and the research areas better, met with unanimous approval at the statutory meeting. The Center for Hungarology was designated as the location for these informal meetings on the first Thursday of each month. The first meeting will take place on 6 May at 1600 hours local time.

Those who wish to take part in the activities of the Hungarian Scientific Association of Sub-Carpathia as active members, should contact the KMTT at the address of the Center for Hungarology (12 Var Street).

#### \* Hungarian Children's Association

93CH0629C Uzhhorod IGAZ SZO in Hungarian  
3 Apr 93 p 1

[Unattributed article: "The Sub-Carpathia 'Pro Patria' Discoverers Federation Was Formed"]

[Excerpt] *The statutory meeting of the Sub-Carpathia 'Pro Patria' [For the Country] Discoverers Federation*

*took place a few days ago in Beregszasz [Beregovo]. Its bylaws were approved, and its presidium, secretariat, and control committee were elected. Erika Kovacs, teacher at Beregszasz's District 3 High School, was elected chairman of the federation.*

Ethnologist Brigitta Baksa, head of the Hungarian "Pro Patria" Federation's division which is responsible for preserving traditions, told our correspondent that the organization was formed three years ago in Hungary, and its most important task is to learn about the fatherland and to discover and preserve its historical, cultural, and folk traditions. Its members organize excursions, hikings, and expeditions to sites of important Hungarian historical events, e.g., most recently, to locations connected with the Kuruc uprising of Ferenc Rakoczi II or the Hungarian freedom fight of 1848-49. Its traveling student division organizes visits to the memorial places of Hungarian literature's great figures. The children, under the Division of Arpad's People, visited the Verecke Pass. [passage omitted]

Children from age 9 may apply for admission to the Sub-Carpathia "Pro Patria" Discoverers' Federation.

The "Pro Patria" Federation is an apolitical youth organization for the preservation of national traditions. Unlike the Boy Scout Federation, it is secular and, thus, neutral toward religions. Its members wear gray jackets and blue scarfs tied around the neck with a ring and embellished with the Federation's emblem of two elks facing each other. At their admission, members of the Federation take an oath and pledge.

Brigitta Baksa said that the Sub-Carpathia "Pro Patria" Discoverers Federation will be an independent organization but may expect, of course, all the help from the organization in the mother country. Following official registration, it will function as an independent legal person.

The program presented at the statutory meeting by students of Beregszasz's District 3 High School created a nice atmosphere; in it, poems by Petofi were recited and nice Hungarian folksongs were sung.

The first members of the Sub-Carpathia "Pro Patria" Discoverers Federation took the oath and pledge in a ceremony that took place prior to the general meeting. Jozsef Rako, chairman of the Hungarian "Pro Patria" Federation, presented the school children with a troop flag.

#### \* Government Accused in Duna TV Funding Case

##### \* Katona Interviewed

93CH0593A Budapest TALLOZO in Hungarian  
15 Apr 93 p 679

[Interview with State Secretary Tamas Katona by Attila Bujak; place and date not given: "The Enchanted 3064"—reprinted from KURIR, 8 April 1993, page not given]

[Excerpts] Secret government decision No. 3064/1993, so frequently mentioned and so firmly denied by some, does exist, after all.

As we reported yesterday, State Secretary Tamas Katona firmly denied that the government has been preparing to transfer 10-15 billion forints worth of assets to the Hungarian Television Foundation, which operates Duna TV. [passage omitted]

[Bujak] Mr. State Secretary, I have only one question to ask: Does a secret government decision 3064/1993 dated 21 January exist?

[Katona] I have searched for it since, and yes, it exists. Sometime in January, after or as part of the agenda, the cabinet discussed the Duna TV issue. It found that the money provided for Duna TV at the time of its establishment would soon run out. The Foundation could be funded in two ways. Either by subsidizing it, or by allocating assets. But the cabinet also stressed that the whole thing would have to be approved by parliament as part of the property policy guidelines.

[Bujak] In other words, the Hungaria Television Foundation could receive something only after the approval of the property policy guidelines. Last year parliament did not approve the [1992] property policy guidelines until November.

[Katona] We hope that this year the National Assembly is going to act sooner. But if the government chooses to provide funding by transferring assets, we must first examine whether a stock portfolio of this size exists at all. We must find out when assets worth this much become available. No one ever believed that state assets amounting to 10-15 billion forints could simply be "bumped over" to Duna TV.

[Bujak] No one thought of that, but if the funding of Duna TV presents no problems, one wonders why the government had to make a secret decision concerning its possible financing.

[Katona] Secret government decisions exist in every democracy. The purpose of these is to prevent people from coming up with far-fetched ideas, to prevent the circulation of unsubstantiated rumors and assumptions, the leaking of essential information.

[Bujak] But as can be seen in this instance, "essential information" still leaks, and the people begin to wonder precisely because of the secrecy surrounding the matter. Not even you were aware of the decision as of last Tuesday.

[Katona] No, I was not, but I checked.

### \* Secret Document Unveiled

93CH0593B Budapest TALLOZO in Hungarian  
15 Apr 93 p 679

[Unattributed article: "The Number of the Government Decision Is 3064/1993"—reprinted from VILAGGAZDASAG, 7 April 1993, page not given]

[Text] Although the state secretary having jurisdiction over media affairs denies the existence of a secret government decision regarding the multibillion forint funding to be provided to Duna TV, VILAGGAZDASAG learned that such a decision exists, indeed: It is designated as No. 3064/1993, and is dated 21 January 1993.

Last Tuesday Tamas Katona told SZDSZ [Alliance of Free Democrats] parliamentary faction leader Gabor Kuncze that such a government decision did not exist, and that the cabinet had no intention of doing anything like that. (Kuncze informed the MTI news agency about this conversation.) VILAGGAZDASAG asked the interested parties what they thought of this affair. Kuncze asked to meet with the state secretary to clarify the information published in the Tuesday issue of VILAGGAZDASAG, according to which the government had made a secret decision to transfer to Duna TV 10-15 billion forints worth of state assets, in the form of MOL [Hungarian Oil Company], Paks Nuclear Power Plant, and sugar refinery stocks, among others.

The state secretary did not rule out the possibility that some individuals wanted to fund Duna TV as described in VILAGGAZDASAG. Both politicians agreed that state assets worth 10-15 billion forints could not be transferred to Duna TV by simply agreeing to do so. Gabor Kuncze added: It would be nice if the cabinet's privatization minister could find 10-15 billion forints worth of unallocated state assets to support either the social security system or small businessmen.

"Indeed, negotiations are going on to enlist the government's support for the provision of a significant volume of assets to Duna TV," Hungarian Television Foundation head Ferenc Kohalmi confirmed to this newspaper. In his view, significant advertising revenues from commercial television broadcasting could be expected only after the passage of an extended period of time. If, on the other hand, the Foundation received assets, they could count on larger amounts of revenues from the return on such assets. They expect to receive direct budget subsidies to fund cultural programs aimed to reach Hungarians beyond the borders. Hungarians beyond the borders regard Duna TV as a hand reaching out to them; financial support for the television station is viewed as a well-intended initiative not to be held against the government, according to Hungarian Television Foundation acting spokesman Marcell Jankovich. Incidentally, Jankovich "knew nothing" about additional government support, because he was not "included" in the discussions. He felt that it was natural to provide support to the Foundation's operations. Duna TV has already received

2 billion forints in support funds this year, but this amount would be expended in the course of this year.

An AVU [State Property Agency] official dealing with food industry privatization denied that they intended to provide a significant volume of sugar mill stock to the Foundation. The fate of an insignificant share of the stock amounting to a 3-to-4-percent interest in the Peto-haza and Kaposvar sugar mills—in which the Austrian Agrana firm has a substantial interest—is uncertain, but this could hardly be of help to the Foundation because of the low amount of dividends expected.

MDF [Hungarian Democratic Forum] Representative Gyula Fekete, a member of the Budget Committee, expressed mixed feelings upon hearing of the support to be provided to Duna TV. Responding to our inquiry he said that he, personally, would expend privatization revenues to reduce the country's foreign debt, and therefore he had reservations about the support to be provided to Duna TV. Nevertheless, Duna TV had a tremendous moral and cultural impact on Hungarians in neighboring countries, and therefore he did not regret providing financial support to the Hungarian Television Foundation.

"We regard the information published in VILAGGAZDASAG as conceivable, even though we have no solid information beyond what your newspaper had published," FIDESZ [Federation of Young Democrats] Representative Laszlo Madi said. "The case goes to prove that Tamas Szabo's assignment as campaign chief is more than incompatible with the position he holds in the government. In my view, the MDF and the government should draw conclusions as soon as possible regarding both this affair, and the issue of incompatibility."

"With respect to financing Duna TV in this manner I would mention that based on a previous decision part of the state's assets would be transferred to social security. We are still waiting for this to happen. Thus far the delay was justified by claims that there were no assets which would provide secure dividends to social security. The stock portfolio to be transferred to Duna TV proves that the opposite is true: Stock to provide a stable financial background to Duna TV exists. Budget allocations have already been made based on the return on assets to be transferred to social security, but neither the assets, nor the expected 1.88 billion forints in returns have arrived," Laszlo Madi added.

#### \* FIDESZ Paper Comments

93CH0593C Budapest MAGYAR NARANCs  
in Hungarian 15 Apr 93 p 16

[Article by Krisztina Ferenczi: "Duna TV: The Report Is True"]

[Text] A scandal, once again surrounding a public-private foundation, notably the Hungaria that operates Duna TV... VILAGGAZDASAG revealed that a secret

government decree had been adopted in January designated as No. 3064/1993; it mandates the provision of assets to Duna TV, an organization that has already received public, government funds amounting to 300 million forints last year, and 2 billion forints this year.

Quite naturally, the assets are not being transferred directly, but through the foundation, where Sandor Csoori, the president of the foundation, and Gyula Kodolanyi, the vice president have signing authority. Having said that, we have fully described the rules of business contained in the founding charter. The future transfer of assets is not going to be a direct transfer either—the government had enough of listening to the opposition's vocal remonstrances for the 2 billion forints—but indirectly, by transferring state assets. The two organizations selected to implement the transfer are the AVU and the AVRt [State Property Management Corporation].

Indications that the financial resources of Duna TV, a stock corporation since 1 January, would be insufficient had already been made by Ferenc Kohalmi, the curator of the Hungaria Foundation in late January. So much so that in a statement to EGYENLEG he claimed that they had already run out of money. He denied this in a February interview he granted to MAGYAR HIRLAP, when this writer questioned him about the multimillion [unspecified currency] investment tender. The reason for the denial: They could not run out of money early in the year. In that interview Kohalmi defended the 2 billion forints received from the government by saying: "Tell me, has parliament ever performed its constitutional duty to make a contribution to protect the identity of Hungarians beyond the borders?"

And what does Duna TV board chairman Jozsef Zelnik have to say in support of the funding? Ten billion forints "amounts to 2,000 forints for each of the 5 million Hungarians beyond the borders in hopes of maintaining their hope; I believe that one should consider sacrificing this much for a cause like that."

When Kohalmi made his announcement in late January, one could tell that this much money would not be enough for Duna TV. One could tell that if necessary, the strongly intertwined lobby would fight an unsparing battle even with the government. When I questioned Kohalmi about the availability of funds from commercial sources, he insinuated that such funds existed. "Naming these resources, however, would amount to revealing business secrets; I am going to tell you when we have them," he added. Kohalmi said that whoever leaked to the public the existence of the 3064 Decree had no right to do so. Considering Duna TV's multimillion [unspecified currency] investments, on Duna TV salaries amounting to triples and quadruples of the salaries paid by the public service television, on Hungaria Foundation's multimillion [unspecified currency] investment in buying out MAFILM, and on reports about establishing news editorial offices it was not hard to figure out that the two billion forints would not satisfy this boundless



appetite. The only question that remained unanswered was whether the government would enter into yet another project with a questionable outcome at a time when it was already assured of owning all of Hungarian Television.

Despite this, however, the machinery is moving forward at an incredible speed. The government, consistent with law, makes a few people agree to a secret, 10 billion forint transfer of assets. Didn't anyone notice that the government could have been spared from having one scandal follow another, by not making such an overkill? That the government would have been better off without a situation in which Lajos Csepi, responsible for producing the assets for Duna TV, entirely lost his credibility by being forced to wash his hands of the legitimate transfer of state assets? His reasoning provided confirmation only to the effect that his organization was able to do this only because of gaps in regulations or in legislation. Could it be that the government, too, is out of place? Had it not been out of place, a situation in which Tamas Katona was unaware of a case of this magnitude could not have occurred.

This is the time to merge Duna TV with the MTV [Hungarian Television]—Duna TV, the project that was designated as a "cultural channel" last December, then, increasingly changed into a public service television as a result of the constant mention of fixed programming based on advertising, and which finally assumed the role of the first Hungarian space-commercial-government television. Merging the two makes sense, because the MTV is going to adopt programs from DUNA TV anyway, and not the least because the country is poor. On top of all this, some problems also exist with the viewer base of Duna TV. While viewers in large areas of the Lower Carpathians, and in the Felvidek ["Upper Country," northern Hungary until 1920, now Slovakia] enjoy excellent reception of MTV program, the same is not true insofar as Duna TV broadcasts are concerned. Duna TV is really important in Transylvania; although its broadcasts can only be received in a few places, copies of these broadcasts are being distributed on video tapes. Perhaps this is the place where the transmission of news is most important. But one may ask, why is it necessary to establish expensive news offices for Duna TV, at a time when MTV already reports news based on Palfy's standards and code of ethics?

Aside from that, as could be seen last week, Duna TV's editing desk (capable of administering a slap in the face) [(le)kevero pultja—a play on words] is still there, should anything inappropriate be included in the news, in some program, or between two programs, or should Konrad from the radio be reading "The Visitor."

**\* Privatized Videoton 'Could Exploit Its Advantage'**

93CH0588B Budapest NEPSZABADSAG in Hungarian  
21 Apr 93 p 5

[Article by K.K.: "Still One More Year To Endure"]

[Text] The privatization more than a year ago of Videoton, the large state enterprise in Szekesfehervar, raised

quite a storm. A consortium of private individuals, backed by the Hungarian Credit Bank as creditor, took over management of the big enterprise that had collapsed suddenly. Peter Lakatos, the deputy chairman of the board of Videoton Holding Rt., informed NEPSZABADSAG about the situation that has developed since then.

Videoton is now operating in four distinct and well-defined areas: the production of electronic devices for military applications; the supply of parts and subassemblies (e.g., of loudspeakers for installation in Opel cars); the production of consumer electronics equipment (of television sets, for instance); and trade with East Europe.

In the course of reorganization, the factory's new management is attempting to advance in several directions. Among other things, for instance, a full range of products will be developed for the Videoton label. Taking advantage of the possibilities of coproduction with Western partners and by developing the production of parts, the factory will again be able to make radios with tape decks, and household appliances. The Hungarian market and relations with former trading partners respectively provide a good background for seeking new partners.

The factory's new management perceives a great opportunity in the area of professional electronics. The production of central processing units for aircraft and ships, and of control systems (the "brains" of automatic drink dispensers, for instance) is included in the management's plans.

All this requires a marketing background. In Western European markets the factory must be primarily a supplier of parts and subassemblies. In East European markets the Videoton brand is recognized for quality, and also the factory's finished products are in great demand. The factory in Szekesfehervar could even find suitable parts suppliers in East Europe. In other words, Videoton could exploit its advantage of being the only remaining factory of its kind in East Europe. For where are the Czech Republic's Tesla factories today, or East Germany's Robotron?

Under the holding company's direction, the factory is breaking down its production into smaller units, organized as limited liability companies; and it is relying also on cooperation with the region's small and intermediate entrepreneurs.

"Videoton is not operating at a loss at present, owes no taxes, and the total of its loans outstanding is insignificant in comparison to the book value of the firm's assets. The firm's upswing will begin if we are able to see this year through without any trouble," said the deputy chairman of the holding company's board.

### \* Data on Growing Private-Enterprise Sector

93CH0588A Budapest NEPSZABADSAG in Hungarian  
21 Apr 93 p 20

[Unattributed article: "Over 600,000 Sole Proprietorships"]

[Text] The desire to establish new businesses continues unabated. The Central Statistical Office reports that, during February 1993 as compared with the previous month, the number of businesses increased in every main category, except in that of budgetary and social-insurance organizations.

In the main category of incorporated business associations, the Central Statistical Office recorded 1,963 new businesses in February 1993. This total includes 1,649 businesses formed without any predecessors, and 314 that emerged from already existing businesses as a result of split-ups, split-offs or transformations. During the investigated period, 198 businesses ceased; but only 26 of them closed down their operations for good; two were liquidated; and 170 are continuing to operate under some other organizational form.

Number of Businesses  
(at end of period)

Main categories of organizational forms	Jan 93	Feb 93
Incorporated business associations	70,658	72,423
Nonincorporated business associations	73,732	76,445
Other, nonprofit organizations	34,428	35,058
Budgetary and social-insurance organizations	15,018	15,014
Sole proprietorships	614,074	619,264

At the end of the period, there were 72,423 incorporated business associations actively engaging in business. The limited liability company remained the most common form of incorporated business association, accounting for 83 percent of the businesses in this main category. The popularity of this form can be attributed to the relatively low minimal capital the law requires, and to the members' limited liability. The number of cooperatives increased by 1.2 percent, while the number of enterprises declined by 5 percent. The largest number of businesses (24,493) were active in the branch of trade, and the repair and maintenance of motor vehicles and consumer goods; but a significant number (14,683) were active in industry; and there were quite a few (13,379) in the branch of real-estate business, leasing, and business services. The growth in the number of small businesses with 20 or fewer employees remained typical: 84.6 percent of the businesses founded in February 1993 were of this size, but businesses with 10 or fewer employees remained decisive in this category.

With the applications for bankruptcy reported in CEGKOZLONY during February 1993, the number of incorporated business associations filing for bankruptcy increased by 116, to a total of 2,457 at the end of the month. Their breakdown by organizational forms was follows: companies, 64 percent; cooperatives, 25 percent; and enterprises, 11 percent. And in a breakdown by size, 30.2 percent had 10 or fewer employees, and 24.7 percent had between 51 and 300 employees. The proportion of firms in bankruptcy was relatively high among the larger businesses: 8.6 percent of the businesses with over 300 employees, and 10.5 percent of the ones employing between 51 and 300 persons. But these proportions were merely 2.6 percent for businesses with 10 or fewer employees, and 1.7 percent for the ones with between 11 and 20 employees. These figures, too, support the conclusion that large businesses are less viable than the ones with fewer employees, because the large businesses are less able to adapt flexibly to the accelerating pace of economic changes. The proportions of bankruptcy petitions by branches of economic activity have not changes significantly: 31.7 percent were in manufacturing; 24.7 percent, in trade and the repair of motor vehicles and consumer goods; 14 percent, in agriculture, forestry, hunting and fishing; 13.7 percent, in the construction industry; and 8.8 percent, in the real-estate business, leasing, and business services.

During February, bankruptcy proceedings ended against 150 more incorporated business associations. That brought the proportion of closed bankruptcy cases for insolvency against incorporated business associations to 53.3 percent. The disposition of the closed cases was as follows: 514 incorporated businesses were placed in liquidation; a consolidation of the creditors was agreed to in 756 cases; and the proceedings ended for other reasons in 39 cases. The number of incorporated business associations placed in liquidation increased by 105 in February, to a total of 2,262 at the end of the period. Their breakdown by organizational forms was as follows: cooperatives, 48.6 percent; companies, 42.2 percent; and enterprises, 9.1 percent. By branches of economic activity, 30 percent of the incorporated business associations in liquidation were in manufacturing; 26 percent, in the construction industry; and 18 percent, in trade and in the repair and maintenance of motor vehicles and consumer goods.

Changes in Number of  
Incorporated Business Associations

	Number Founded	Of Which New [as published]	Folded	Of Which w/o Legal Succession
1989	4,669	4,578	245	166
1990	14,868	13,492	633	202
1991	24,275	22,110	989	314
1992	18,052	16,051	1,422	419
Jan 93	1,410	1,182	138	15
Feb 93	1,963	1,649	198	26

According to the records of APEH [Office of Tax and Fiscal Auditing], at the end of February 1993 there were 76,445 nonincorporated business associations actively engaged in business, 60.7 percent of them limited partnerships. Likewise significant was the proportion (22.3 percent) of partnerships of individuals, but their number is declining month by month, because the law requires that they be transformed by the end of this year at the latest. Most nonincorporated business associations chose either trade, and the repair and maintenance of motor vehicles and consumer goods, or real-estate business, leasing, and business services as their principal branch of economic activity: 30.4 and 29.9 percent, respectively, are active in these branches.

At present the APEH maintains records on a total of 35,058 other, nonprofit organizations. These include foundations, various associations, friendship societies, church organizations, etc. We include in this main category also the 1,488 branches and agencies that foreign companies maintain in Hungary. According to data supplied by the Ministry of Finance, there were 15,014 budgetary and social-insurance organizations on record at the end of February; 9.8 percent of them were central organizations, and 90.2 percent were local ones.

The number of sole proprietors increased by 0.8 percent during February, to a total of 619,264 at the end of the month. Of the sole proprietors, 45.2 percent were in business as their principal activity; 42.3 percent were moonlighting, and 12.4 percent were retired persons supplementing their pensions. In a breakdown by occupations, 38.4 percent were artisans (their proportion is declining gradually), 33.4 percent were retailers, 27.5 were self-employed professionals, and 0.7 percent were private farmers.

**\* Professional Advertising Agencies Compete**

93CH0588C Budapest NEPSZABADSAG in Hungarian  
21 Apr 93 p 17

[Unattributed article: "Advertising Agencies"]

[Text] In Hungary there are about 3,000 firms with advertising as a part of their activity. But only about 300 of them are professionals. And there are not more than 18 or 20 big advertising agencies, mostly foreign-owned. The most successful among them is the Zenith Advertising Agency, founded in April 1990 by Britain's Saatchi and Saatchi Company.

There is only one thing Imre Kovats, the agency's managing director, swears by, and that is the advertising cost per 1000 potential buyers. Anyone may claim anything he likes, Kovats says, but this indicator of economic efficiency is the yardstick by which investment in advertising is measured. Some people tend to view in absolute figures the cost of an ad in a daily, weekly or magazine, and of a radio or television commercial. The Hungarian advertising market, by his estimate, amounted to 24 billion forints last year. To give us some idea, he tells us that advertising expenditures in Hungary totaled merely 14 billion forints in 1991, and that 35 to 40 percent growth can be expected this year. Zenith is planning total sales of 3.5 billion forints this year, which is a substantial slice of the entire advertising market's pie. That makes Zenith the largest advertising agency in the country. Its customers include Johnson and Johnson, Procter and Gamble, Renault, Samsung, Kentucky Fried Chicken, and Dunkin Donuts.

The secret of success, according to the managing director, is quite simple: buy the most effective advertising medium at the most favorable price. An advertising expenditure of 100 forints is able to reach 150 members of the so-called targeted public on radio, 185 members on television, 380 members in a daily paper or weekly, 400 members in a magazine, 580 members through billboards, or 1,800 members in motion-picture theaters. The costs are recovered the most effectively in the case of ads placed in magazines, followed in descending order by ads in weeklies and dailies, and then by television and radio commercials.

**PAC Luminaries View Party Unity Problems****Anastasiu's Perspective***93BA0924A Bucharest "22" in Romanian 8-14 Apr 93  
p 8*

[Interview with Calin Anastasiu, PAC deputy, by Andrei Cornea; place and date not given: "Discussions With Representatives of a Party Marked by Discord—PAC"]

[Text] What Is "Civic Liberalism"?

[Cornea] As we know, three motions were submitted to the PAC [Civic Alliance Party] Congress. Is there any link between the success of one of the motions and the promotion to leadership of those who advanced it?

[Anastasiu] This was one of the subjects we discussed. Our people remembered what happened with the Roman motion, where the winning one brought the respective team to leadership. We rejected this type of election for our leaders. But it is no less true that one way or another, the predominant orientation will be reflected in the party's leadership.

[Cornea] We asked you this because the differences between these motions don't appear to be very significant, and in any case, don't seem to be decisive. The question then is: Do ideologic differences that determine the motions really exist, or is just a matter of competition between people who place themselves under the umbrella of an ideology?

[Anastasiu] Absolutely not. We want to leave the congress with a doctrine, and a political and ideologic orientation for the PAC. We have repeated this statement exactly in order to check the natural fears of some members, especially at the foundation of the party, that we might become a liberal party overnight. This is something that obviously none of us wants, and especially none of those in the district. But it should be known in our political spectrum, that this party, which until now has had no doctrine, does have at least a predominant orientation. Which does not automatically mean that the party's name will be changed—a question which will also be discussed at the congress. But the party does have to have a label, because others will label it otherwise. This is necessary because PAC finds itself in a special situation; it was built on the diffuse ideology of "civics," of a civilian society, on one hand, and on the other, around certain personalities. But the contemporary ideologic and doctrine landscape does not have a doctrine named Stelian Tanase, Nicolae Manolescu, or Mihai Sora. There do exist several, three or four, clear ideological directions, and we must position ourselves in this political landscape.

[Cornea] Assuming that the civic-liberal option emerges as a winner in the upcoming congress, will there be a significant difference between the PAC doctrine and that of the Liberal Party?

[Anastasiu] I don't know what the doctrine of the Liberal Party is. What they have produced, are documents—very interesting ones, in fact—about their statute, organization, rules, and so on.

[Cornea] More simply yet, is there any difference between the doctrine of civic liberalism on one hand, and that of pure and simple liberalism on the other?

[Anastasiu] The civic-liberal syntagm is, in a way, redundant. We opted for this formula, which exhibits a continuity between civics and liberalism, even though it is implicit and should not need to be pointed out. We did it for tactical considerations.

Getting back to the Liberal Party, I can relate the discussions I had with Dinu Patriciu following their congress. They were preparing a political paper for the party. He came to me with a list of the major issues and orientations of the program: the major issues are similar to ours. They couldn't be otherwise because the issues of liberalism are the same. But if it's a matter of certain differences or shadings between these two parties, or between our platform and theirs, then we can look at that: which one is more neoliberal, which platform is closer to classical liberalism. In my opinion, without having seen the document, but knowing the ideas of the Liberal Party leaders and comparing them to ours, our platform is somewhat closer to what is called neoliberalism. Their liberalism is somewhat more radical, closer to classical liberalism.

**The PAC Electorate**

[Cornea] The question then is to what extent is it necessary to have two liberal parties, even in their classical and neo variants, when the electorate nevertheless remains unified. PAC has been and continues to be generally perceived as the party of intellectuals. Do you feel that you have succeeded in expanding the party's sphere of influence to somewhat broader areas of society?

[Anastasiu] I could not answer affirmatively because we don't have an exact evaluation of the electorate or of party sympathizers as part of a chart of social categories. Very few polls were taken after the elections. But what I can say is that in recent months we have made some efforts in that respect. This was one of the ideas that we tried to implement in some way: To more clearly define our own electorate, and to send messages, initiate actions toward that target. If I were to attempt an outline of the PAC electorate chart, I could say the following: One part of the intellectual structure supports us. In practice, 80 percent of PAC is composed of intellectuals, which is both good and bad. We wanted to approach the new categories of private entrepreneurs, and in particular, one segment among them—the small and intermediate enterprises (because the "big fish" have already been "caught" in the nets of other parties). This leads to a very interesting phenomenon, similar in fact to what is happening in other developing countries or countries on the periphery of capitalism. Businessmen depend very



strongly on the political system, and ultimately on the state and those who control the administration, which is a form of market economy with many warped effects. It would thus be a mistake to rely a priori on this category, because objectively some of them are not on our side, given that their interests are bound with other structures and that their advantage lies in their respective areas. We must therefore carve within this area the new economic class that is being formed, that we can represent. In my opinion, I think that we can adopt and support the interests of a category that will "survive" this economic morass; I am referring to the more highly qualified categories of workers, and to some branches whose chance of survival is greater, in other words to the "aristocracy" of the working class. Clearly, we also have on our side some categories of young people—high school and university students. The PAC's political proposal is aimed toward these four horizons, and at the same time, we expect support for our policy from the same directions.

#### Was the Censure Motion Justified or Not?

[Cornea] Tell me something about the relations between PAC and the Democratic Convention, and especially about the motion to censure. It is said that the relations are bad, there have even been some stories—I don't know how true—that as a result of a study conducted by PAC, it would be to PAC's advantage to leave the Convention.

[Anastasiu] There is no question of leaving the Convention. The question is PAC's operation within the Convention, that is, creating an identity for the party while remaining in this electoral and political coalition. In the second place, there is the problem of optimizing the operations of the Convention itself. In fact, that is exactly what we are doing at this time: we are drawing up regulations and protocols for the Convention through negotiations among parties. We hope that this will lead to a Convention more soundly based on structures and negotiated relations, while allowing the parties to operate within the parameters of their own identities.

As to the motion to censure, it was initiated outside the Convention by a group from the NSF [National Salvation Front] and the Liberal Party. It is worth knowing that there have been reservations about the motion not only from PAC, which is said to have "ripped off a chunk" from the opposition, but also from PNTCD [National Peasant Christian Democratic Party], PSDR [Romanian Social Democratic Party], and even UDMR [Democratic Union of Hungarians in Romania]. These reservations held until the end. There were pro and con arguments about the motion effectiveness, about its timeliness, and so on. In any case, if it was decided to initiate this motion, everyone voted on it, including the PAC.

[Cornea] Now that this "war" is over, do you think that those who had reservations were proven right or wrong?

[Anastasiu] I can give you my own conclusions, not those of the PAC leaders; in other words, not an official position. I believe that this motion was more a political gesture than an action of substance. I'll give you an example. We will soon discuss the budget; the budget is the testing ground of any government, and very large problems exist in this respect. There are different views and critics from all sides, including from within the government's party, as well as from its allies. I can tell you that there are now parliamentary commissions that have already rejected the draft budget. In my opinion, the discussion of the budget would have been much more suitable for a substantial "frontal" attack against the current government formula, with the understanding that alternative solutions would exist and be formulated. I did not understand the reasoning advanced at one time during the discussions, that the opposition would emerge stronger after this motion to censure. How can you emerge stronger after you lose? The loss of a motion to censure has two immediate effects: a stronger government and a weaker opposition. I therefore think that not much was gained.

#### Morality and Politics

[Cornea] In an interview, Emil Constantinescu says that he has based his electoral campaign, and intends to base his political actions, on moral principles. He meant that he would not grab at momentary opportunities, that he would not make promises to the voters, even knowing that without promises they will not vote for him. Let me ask you how you see such a statement. It all started with a letter from one of our readers, who among other things said that the opposition also lost because "it did not make any promises." We also see that in almost all the western countries the parties that come to power make promises during the electoral campaign, and that in very many cases these promises are extremely different from what they achieve afterwards. Shouldn't the opposition therefore be more "openhanded" in its offers?

[Anastasiu] You have brought up an extremely broad topic: morality and politics.

[Cornea] Just to narrow the discussion, the question would be: by not making any offers, now or in the foreseeable future, there is a risk that things will go on as they are, and FDSN [Democratic National Salvation Front] and its allies will occupy positions in local and central administrations, where they cause substantial, recognizable harm. Is it not preferable to ease up somewhat on moral virtue so as to obtain limited advantages and benefits that although commonplace, are perceptible?

[Anastasiu] You are well aware of the debate that arose among the East European intellectuals and dissidents with respect to this question: disdain and rejection of policy by the East European intellectuals (meaning the old policy paradigm), and a plea for antipolitics or nonpolitics, centered in fact solely on a moral idea and moral fiber that pervaded the entire debate. From Havel

to Konrad, this idea infiltrated like a red thread. Overnight, these men found themselves in power in Central Europe, and for some time lived with the illusion of this type of politics. After a while, they realized that it had been a grand illusion. Belonging to the same intellectual family as the East European dissidents, PAC adopted this idea and ideology. I could give you a very precise example, which in one way or another sanctioned our policy: the unsatisfactory results obtained in the negotiations for the Convention lists. This would be the failure of an idealism on our part, of an inability to carry out politics even within an alliance like ours.

To get back to the actual question, it is obvious that promises have to be made, because that is the political game in all countries.

[Cornea] It is not obvious. That is exactly why I opened with the statements of the Democratic Convention president.

[Anastasiu] There should be some shadings, otherwise my position could be vulnerable.

[Cornea] At one point, Constantinescu was saying: "If we do what 'they' do, why are we here?"

[Anastasiu] If we place matters in a cut-and-dried equation—morality and politics—it is clear that politics, in the way they have been conducted by the western democracies during the past hundred years, are not very moral. This is how the existing democratic systems work, and in final analysis they are our only available models. Clearly, this operating mode, which like democracy probably does the least possible harm, is unsatisfactory and has dissatisfied a number of analysts and social groups. The problem of morality and politics is not whether they are incompatible or whether they can be confused; the problem is how much morality can be introduced into politics. There are some associations, types of parties, social groups, whose philosophy is to "moralize" politics a little. Through its genealogy, its electorate, the types of politicians it brings into political life, the PAC is one of the "locomotives" that can bring such pressure, maintaining as we do that we must introduce as much morality as possible into politics. This doesn't mean that you have to absolutely renounce moral principles when you enter politics, or that when you assign morality the importance it deserves you automatically become a poor politician or are eliminated from political life. What is clear is that a significant dose of morals must also exist in political life. In a way, I thus agree with Constantinescu. I also want to add that making unwarranted promises does not necessarily earn you votes. I don't believe for instance that FDSN earned its votes through the promises it made. This vote had an entirely different mechanism, and that party's success has other explanations. I'll give you the example of Stolojan's position during his government. Contrary to the prime minister who preceded him, he called things by their name, as often as possible, under all circumstances. It showed that this type of realism and pragmatism was equally effective in

terms of his image—his popularity at the time is well known. At the same time, it seems to me that to make promises in our present situation is downright irresponsible. It can lead to a social explosion when the expectations psychologically created among the population prove to be unfulfilled.

[Cornea] I was referring to the type of publicity produced by the opposition three years ago, based on fundamental moral principles: truth and the trial of communism. Constantinescu, for instance, wanted to close his interview with "the question of truth." For intellectuals, the formula seemed slightly naive. Philosophy has sought truth for thousands of years without finding it. For simple people as well, the matter does not seem very relevant. They say: "What do we care about truth? We care about salaries, prices, unemployment." This type of language has a counterproductive effect. Don't you think that the opposition should decisively and more explicitly abandon it, concentrating more closely on projects that can be completed in a shorter time span. Why should we conduct the "trial of communism" and not the "trial of sugar" or that "of wheat"?

[Anastasiu] You are right, but I would not say that this type of publicity was counterproductive; I would say that it had limited productivity. Clearly, these topics of truth, the trial of communism, morality, and all that, did find an echo in part of the population and did form an electorate, the electorate of the Convention. They were thus important topics for the voters that the Convention has earned so far; but it is a limited electorate. Clearly, if you want to go beyond this limited audience, you must adapt your publicity, political ideas, and strategies to other expectations of the population, such as the ones I mentioned. It would clearly be a mistake to continue along these lines.

### Morality and Politicians

[Cornea] One more thing. If the opposition were composed of saints, that would still be understandable. Unfortunately—and naturally, after all—it is not composed of saints. As a result, mistakes, some of them of a moral nature, on the part of certain of its representatives are as censurable as their speeches were virtuous. In this respect, I would like to ask a question that has been bothering many PAC sympathizers: what is happening with Stelian Tanase? We know him well, and I personally value him greatly for his qualities as theoretician and even as active and energetic man, but from the GDS [Group for Social Dialogue] experience we also know that he is not an easy person and that even without realizing it, he causes many disruptions within an organization. And if PAC were a party like the others, this might not matter very much. I don't believe that Tanase is worse than his colleagues in parties on the left side of Parliament, or even those in the opposition. But when you introduce the idea of morality, albeit limited and reasonable, while at the same time you allow a number of petty conflicts to surface, when you hear for instance that

Vasile Popovici accuses Tanase of being "Iliescu's man," people become confused and you create the impression of collapse.

[Anastasiu] I'm not very happy with the way you brought up the subject of Tanase in the context of our discussion about morality. What the press has said that Popovici said about Tanase, is Popovici's business. As a matter of fact, the statement is incorrect and no one believes it, maybe not even Popovici himself.

[Cornea] I don't believe it either, but still, what is happening?

[Anastasiu] Allow me to plead Tanase's case. His history of political positions and even what he has written against Iliescu until now, are his bond. Secondly, I think that if you want to know what is happening with Tanase, it would be best if you spoke directly with him.

#### **Commission for Culture and the Media, and Its Problems**

[Cornea] You belong to the Commission for Culture and the Media of the Chamber of Deputies, led by Tepelea. Tell me a little about its activity.

[Anastasiu] We tried to put this commission in operation and it appears that we will have much to do during the current legislative session. We currently are discussing three major subjects. The first is CNA's [National Audiovisual Media Council] licensing activity. At one point, we invited CNA's management for discussions with the commission because there were dissatisfactions and the press wrote at some length about the "defective" manner in which the license were granted; "defective" is a euphemism. I happen to have contacts in various local radio and television stations, which have supplied us with an entire file, and I suggested that the commission attack this problem; everyone responded positively. We then spoke with the CNA people, presented them with the problems, the "charges" or criticisms of what is going on. We asked for a report to Parliament from the CNA management. The CNA president came, presented the report, which we considered unsatisfactory, and on behalf of the opposition, proposed the formation of a commission to investigate this problem, which did not pass the plenary vote.

[Cornea] But the commission had representatives both from your side and from the government party.

[Anastasiu] Everyone on the commission clearly agreed to discuss CNA's licensing activity. But the parliamentary majority did not accept the more radical solutions of forming an investigative commission and delving more deeply into the underside of this activity.

The second problem is the sponsoring law, which is now being debated. Again, I happened to be in contact with those who drafted this law, namely the legal team at the university, at the School of Law. The law was drafted during Stolojan's administration. I invited those jurists to the commission, and they offered many details and

informations, which has obviously made our work easier. After being approved by the other ministries, the project was amputated by the Ministry of Finance. We hope to reshape it into a much more functional form, because otherwise the sponsoring law would have no effect.

The third question being discussed is the Law on the Operation of Radio and Television Companies.

[Cornea] In essence, who will name the president of RTV [Romanian Radio Television]?

[Anastasiu] The government draft provides that the two companies, Televiziunea and Radioul, be placed under the control of Parliament. The Board of Directors is nominated by the two specialized commissions in the two Chambers.

[Cornea] I suspect that the president will be named by parliamentary majority. But we can hope that some representatives of the opposition will be placed on the Board of Directors.

[Anastasiu] I believe so. But I would like to say that this polarization, which anyone can plainly see, does not exist in some commissions. Matters are more cordial, if I may say so; there is communication, and arguments can be made and accepted on both sides. The negotiation process is more visible.

#### **Deputy's Responsibility to Constituents**

[Cornea] How do you maintain contact with your constituents in Vrancea County? Do you have an office? Do people bring you their problems? How do you respond? I am very concerned with this, because I believe that many people are still not aware that they have a deputy or senator who must represent them, rather than himself or even the party.

[Anastasiu] According to the old Parliament regulations, only the senators are assured of a permanent office in their district; deputies have not had anything like that until now. But the new regulation provides for the creation of parliamentary offices in the district for deputies as well. In Vrancea, I have taken the lead: We have established a parliamentary office for all the deputies; there are six Vrancea deputies, two from the Convention and four from FDSN. The prefecture has made a room available, which unfortunately is too small for all the deputies to work in. Under normal circumstances, Parliament members are required to be in the district every Friday to work at the local level. In recent months, I have not been able to be there every Friday due to party activities. I worked in the senatorial office. One of the three senators is from the Convention, a PNTCD representative; the other opposition deputy, Severin, is from the NSF, but he has not come in very often. The activity at the office does not consist solely of receiving the voters "with petitions in hand"; there are a number of issues to be resolved, particularly when you consider that I work with the Cultural Commission. In Focsani for

instance, there is a superb theater, a small replica of the theater in Iasi, which has been under reconstruction for the past 15 years, since the 1977 earthquake. It requires money, and we have collaborated with the prefecture, the Cultural Inspectorate, and so on, to find this money, as well as to establish a foundation which would donate funds. As you see, there are all sorts of specific activities, which do not necessarily require sitting in the office to receive complaints from the peasants about the land, although that is the primary problem everywhere.

[Cornea] It was important to know that you are active in the district as well, not only in the party, and that your retain your connection with the voters.

P.S. This interview was held several days before the resignation of Anastasiu and other PAC leaders (Tanase, Dan Grigore, and Emil Tocaci) from their leadership functions in the party. Moreover, Anastasiu also announced that he is resigning from Parliament. I asked him for a statement of his own views of these recent events; he answered "no comment."

#### Manolescu Comments

93BA0924B Bucharest "22" in Romanian 8-14 Apr 93  
p 8

[Interview with Nicolae Manolescu, Civic Alliance Party president, by Rodica Palade; place and date not given: "Discussions With Representatives of a Party Marked by Discord—PAC"]

[Text] [Palade] Mr. Manolescu, what was in the letter of no-confidence addressed to you?

[Manolescu] Some ridiculous accusations: that I refused to give my private phone number to members of the leadership, as a result of which the party's image has been tarnished in the public opinion; that I used parallel networks in leading the party, but when I asked for names, no one could give me any, of course.

[Palade] How was the National Committee session (on Monday, 29 March), where this letter was discussed?

[Manolescu] Long and exhausting.

[Palade] What did the signers of letter want?

[Manolescu] If I knew, I'd be a happy man.

[Palade] But what was the purpose of the letter?

[Manolescu] I can give you my impression, namely that this party started with a founding group, which for a long time remained a group. At this point, with the party having chapters everywhere, with members of Parliament, a national committee of more than 45 people, my impression is that some of the party founders and those who have been together since the beginning retain a nostalgia of the days in which the party could be led by two or three people. Despite promises of a democratic statute, decentralization, and so on, this nostalgia seems to me unquestionable. As a result, they asked me to

manage the party's policy together with and only with some of them. And when I refused, saying that I do not work with anyone on the basis of privilege, that I intend to manage through the National Committee, they tried to push me aside and even against the wall. The National Committee probably did not appreciate this policy. Consequently, Stelian Tanase and others resigned.

[Palade] It is said that this might be a scenario for breaking up the party before the congress.

[Manolescu] I don't believe the party will break up. And if it does, it means that it is so weak that it did not deserve to exist.

[Palade] There is also the possibility that a wing will be created, an AT [Young Wing] of the PAC.

[Manolescu] I have some doubts that after the statements associated with the motion to censure and the ensuing confusion, those who want to split PAC have many chances of forming their own party, even if it is younger.

[Palade] What is the situation of the motions before the congress?

[Manolescu] For the time being, a rather determined struggle is shaping up, more determined than we thought; I don't know whether any one of them will be a majority motion, that is, whether it will receive more than half of the votes, and in any case, no more than fifty five and some, percent. As a result, one out of two in the party will be in favor of one of the motions, and the others for the other two. But it is too soon to talk about it. I don't know the complete situation, nor can we do any counting until we know how all the chapters have voted; the voting was not plenary everywhere, and in some places, it was in proportion to the delegations.

[Palade] As part of this "letter of no-confidence" you were again denounced for your connections with Mihnea Berindei, French socialism, and so on.

[Manolescu] This is an inane accusation that is constantly being made, I don't know by whom and on behalf of what interests. Looking at the list of the present French government, I realize that I personally know nine of the 29 ministers, and that I am even friends with two of them. Everyone now knows that the French government is a rightist government. Indeed, I met them through Mihnea Berindei, without exception.

[Palade] What will happen now? Will there be any more resignations?

[Manolescu] These are just press statements. Statements, statements, statements. Some of them are now doing in the press what they used to do in our sessions. I think that the bleeding has stopped.

[Palade] Can it be really called a hemorrhage?



[Manolescu] Four people from the Executive College is a hemorrhage.

[Palade] What is happening in the local branches?

[Manolescu] For the time being, I think they are in a state of confusion and expectation.

[Palade] So you have no reaction?

[Manolescu] It's too soon.

[Palade] In one of his editorials, Cristoiu explains the PAC situation by the fact that you are artists.

[Manolescu] Then, I would have to believe that all the parties in Romania consist of greater artists than us, because we are the last ones to suffer a shakeup.

### Popovici Speaks Out

93BA0924C Bucharest "22" in Romanian 8-14 Apr 93  
p 9

[Interview with Vasile Popovici, Civic Alliance Party Timis County deputy, by Rodica Palade; place and date not given: "Discussions With Representatives of a Party Marked by Discord—PAC"]

[Text] [Popovici] I do not agree with the idea of a scenario. But I cannot help noting that a tiny group in the PAC has two plans. One of the plans—to impose the concept of a breach in the party—appears to have failed. This idea was reflected in statute project which Stelian Tanase sent to the local branches without the agreement of the National Committee. A split, according to the dictionary, means a minority group which finds itself in opposition to the majority group. The same statute project provided for a division of the party's offices, equipment, and funds among these partitions and the majority group. Since it appears that these extremely dangerous ideas of splitting the party by statute will not succeed, I think that an alternative one—to compromise the party through these very resignations—has been put into action. I can ask Emil Tocaci, for instance, he who was accepted as member of the party in five minutes, who became a member of the National Committee, a member of the Executive Committee (nominated by Alexandru Popovici in Manolescu's absence), who became member of Parliament through the effort of PAC members without even being a member of any chapter and without lifting a finger, who speaks in Parliament as long as he wants (and he very much likes to speak), who has monopolized press conferences. I would ask him then, what is his dissatisfaction with PAC? When was he ever stopped in his long discourses and position statements? And now Tocaci is tendering his resignation. I confess that I find it very difficult to understand his position.

[Palade] How can one explain the "letter of non-confidence"?

[Popovici] I find it difficult to understand.

[Palade] What will happen with the PAC parliamentary group?

[Popovici] I rely strongly on everyone's good sense.

[Palade] What is the present stage of the AC [Civic Alliance]-PAC "war"? If it is still a war.

[Popovici] With Tanase's departure, I don't think it's a war anymore. As far as I know, there has been a very good meeting between Gabriel Andreescu, president of the AC, and PAC President Nicolae Manolescu. I'm convinced that things will be well mended in terms of relations with the AC.

[Palade] Is there a prospect of unifying PAC with other parties? There are various possibilities: unification with the AC, with the NSF, and with the Liberal Party. That is a matter which the congress will surely decide. I know that there is a very strong preference for PAC to remain an independent party, but I would be glad if there was a very strong attachment to the AC. I think that it would mean PAC's return to an identity. But I don't rule out the possibility that to the extent to which one or the other of the motions is adopted, there will be attachments to the majority currents developed in PAC as a result of the motion. If a liberal motion is adopted, we will naturally become closer to the liberal parties. If a Christian-Democrat motion is adopted, we will naturally find ourselves coming closer to the PNTCD.

[Palade] What signals do you receive from Timisoara?

[Popovici] In Timisoara, things are as clear as can be. The troubles are unfortunately here. Timisoara has always followed moral criteria, even if some of the tiny groups I have mentioned seem to them outdated and somewhat inflexible.

### Parliament Members View New State Budget

93BA0926C Bucharest EUROPA in Romanian  
6-13 Apr 93 p 9

[Article by Cristian Sandu: "Is Adopting the State Budget Necessary? Parliament Members Respond to EUROPA Survey"]

[Text] The central point of our political life last week was discussion of the draft 1993 state budget by the combined houses of Parliament as proposed by the government. As expected, the discussions were heated and contradictory. On one side the FDSN [Democratic National Salvation Front] and the political formations supporting the government formed by the majority party in Parliament favored adoption of the budget without excluding any revisions which could be made along the way. On the other side of the fence, the opposition pondered the sore points of the draft budget, real or not, requesting that it be sent back to the government.

Present in the hall on Metropolitan Hill, EUROPA's reporter got opinions from several Parliament members

representing various political parties in connection with this important problem which the nation's elected officials have to solve.

**Emil Dima, senator, FDSN, president of the Administrative Council of the State Property Fund:** "Adoption of the budget is absolutely necessary since it is a means for carrying out the program; since it is a budget of austerity we must expect that the high parameters forecast in the program will not be reached."

**Gheorghe Dumitrascu, senator, FDSN:** "Even if a better budget could be worked out in two months, it would not be worth it for us to risk it in this situation, either. Get the budget out as fast as possible so the state can operate! Within the limits of this difficult situation, changes can be made, but not changes in its nature. And perhaps not changes in emphasis within it, either! If someone finds the resources then we can discuss it differently but until then what you see is what you get! The FDSN does not invent things! Look at the structure of the crisis budgets from 1919-20 or from 1931, 1932, 1933 and you will see that we were not the ones who invented the crisis; we did not invent the crisis budget! Things are what they are!"

**Alexandru Popovici, senator, Civic Alliance Party:** "We will not vote for the budget since it erroneously presents 'zero growth' when actually it is a reduction in the gross national product [GNP] while from the viewpoint of structure subsidies and unprofitable investments are provided for, among which some should be found in the budget of the State Property Fund. The social security budget actually is a misappropriation of funds. The local administration budget still consists of the centralized concept instead of having the sides involved be taken over directly, which, among other things, would also ensure supervision of attempts at fiscal evasion."

**Cristian Ionescu, deputy, FDSN:** "Adopting the budget is absolutely necessary since only in this way can we move to a true rebirth of Romania's economy, proceeding from realistically substantiated bases. Until now, in my opinion, the government carried out its duty of getting through the winter under the most tolerable conditions for the population."

**Ilie Platica-Vidovici, senator, FDSN:** "I think the budget should be adopted in the form proposed by the specialized commissions of the two houses, since the small errors contained in the draft proposed by the government are eliminated in this report. I found even from some of the talks I had with a number of government members that they agree with the idea of accepting the proposals of the combined commissions. Personally, I do express my dissatisfaction that the commission, essentially informed, did not accept the amendments proposed by the combined parliamentary commissions for defense, public order and national security, which aimed at a sensible revival of the defense expenditures and which also indicated the sources for obtaining these amounts."

**Adrian Severin, FSN deputy:** "This budget does not agree with the government program either in essence or form. For example, it does not have one chapter showing how financing of agriculture is to be carried out or referring to financial backing for the small and medium-sized enterprises. It does not anticipate variations in the exchange rate; clearly this budget will constantly be subject to revisions (and is this not normal at a time of crisis, when the inflation rate is hard to anticipate?—Editor). An excessive taxation policy will not encourage investments or creation of new jobs, while the attempt to limit the budget deficit is based on reducing the funds allocated for health and education."

**Horia Pop, PUNR [Romanian National Unity Party] deputy:** "I think it is necessary to adopt the budget, but our parliamentary group has a number of amendments. I would like the deficit to be smaller, otherwise we will mortgage away our future in a way we cannot permit. However, if the government has decided to operate under conditions of a 4-percent GNP rate, the budget deficit is free to do this, of course, also taking responsibility for it."

**Gheorghe Raboaca, senator, Socialist Labor Party:** "The state's sources of income were drastically narrowed by the devastating policy of the Roman and Stolojan governments. The 293 billion lei which the state allocates for investments seems to be extremely low compared to the percentage it represents in the overall national economy. The low amount of resources for investments but also for real social protection places the current government in a very difficult situation. The fear of being accused of centralism and excessive directing has not exactly brought about the correct approach to distribution of the resources to the local budgets. Our parliamentary group, however, will vote on the draft budget on condition that there is more careful examination of the way the resources are used."

**Dan Cristian Popovici, deputy, Romania Mare Party:** "It is necessary to support the budget in the form presented by the government because throwing a super supply of money on the market has created very high inflation. That is why we need an austerity budget now. However, that is not to say there is no room for improvement in distributing the resources."

### Official Fired After Grain Scandal

93BA0929A Bucharest ADEVARUL in Romanian  
10-11 Apr 93 pp 1-2

[Article by Ion Marin: "Trita Fanita Dismissed"]

[Text]

### Grain Mafia Dealt Final Blow

I have received from the editor a copy of Order No. 1,128 of 9 April 1993, signed by Agriculture Minister Ion Oancea. This order directs termination of the employment of Trita Fanita by a commercial firm, Agroexport

si Siloz Port Constanta [Port of Constanta Agricultural Export and Silo], where he had worked until yesterday as general director.

The introductory part of the document lists a number of reasons why the head of the Ministry decided to have Fanita removed, and, moreover, to deny him employment of any kind with Agroexport. The main reason is failure to comply with the provisions of Article 95 of Law No. 31 of 1990 requiring an administrative-deposit guarantee before assuming the function of management officer; another reason was the alteration of the structure of the company's registered capital without complying with the provisions of Government Resolution No. 184 and the Privatization Law.

These, of course, are only some of the illegal acts committed by Trita Fanita. For more than a year now, ADEVARUL has systematically revealed many other abuses and violations of law, which it has backed up with unquestionable evidence. But it has come up against a full-blown interlocking web of hidden relations and interests of highly placed persons of former governments. Former Prime Minister Petre Roman was a person who signed illegal resolutions allowing integration of the Agroexport company into Constanta Port Silo, after which the concern was converted into a company in which foreign capital was invested, at a time when the Constanta Port Silo was a strategic facility of the greatest importance to Romania. Former Prime Minister Theodor Stolojan, who continued his predecessor's policy of turning over all of Romania's grain imports to Trita Fanita, violated the law directly by allowing Fanita to reexport three shiploads of grain at a time when Romania desperately needed this grain. Former Agriculture Minister Marculescu made it easy for him to win bids fraudulently, in collusion with his assistants Natea, Mischie, and others. Trade Minister Fota helped him win contracts, especially to reexport the three shiploads of grain. One of Mr. Roman's friends, Romanian Ambassador to Paris Anton Vatasescu, went to great lengths to have Agroexport exclusively obtain grain with COFACE [Committee of Family Organizations in the European Communities] credit. Influential parties in Romania, such as the FSN [National Salvation Front] and PDAR [Romanian Democratic Agrarian Party], using their public relations resources and working through influential members of the government, constantly aided in Trita Fanita's illegal activities to the detriment of Romania's financial interests. Fanita is also a member of the PDAR's governing group and has been defended on many occasions by Mr. Surdu in talks with members of the ADEVARUL editorial staff. The only persons to oppose the illegal acts and abuses committed by Fanita, Deputy Finance Ministers M. Boulescu and Euten Goga, were dismissed by former Prime Minister Theodor Stolojan.

The long list of illegal acts committed by Trita Fanita includes the following.

- He imported millions of tons of grain at unfavorable prices in order to obtain commissions running to tens of millions of dollars.
- He collected commissions not due him, including a commission for grain (100,000 tons) sent as aid by Romania to Bessarabia.
- He brought into Romania hundreds of thousands of tons of grain infested with the *mesentericus* parasite (according to a statement by the consumer protection association filed with the Public Prosecutor's Office).
- He misappropriated more than one billion lei representing the equivalent of United States aid in the form of corn for 1991 (according to a lawsuit filed by the Romanian Development Agency).
- He canceled sugar import contracts, precipitating the sugar crisis.
- He reexported three shiploads of grain to the former Soviet Union, taking this grain from Romania's national reserve.
- He established several privately owned companies engaging in the same business as Agroexport; the largest of these companies was operated out of his residence in Breaza.
- He committed a large number of tax frauds (according to an audit by the Ministry of Finance).

These are only some of the crimes committed by a person who 10 years ago was sentenced to 10 years in prison from criminal activities, doing harm to government finances in the same position of general director of Agroexport.

He was returned to this position with the assistance of the European grain mafia and the Romanian political and banking mafia, which applied continual pressure to keep him in office. All contracts involving advantageous grain imports were blocked so that people had to deal exclusively with the network controlled by Trita. In this way the Romanian government fell into this individual's hands. All domestic production was ruined by orders and decisions of the government, which blocked purchase of grain from domestic producers so as to create an urgent need for imports.

Prime Minister Vacaroiu in his turn has suffered from the effects of this blackmail. He has been placed in the position of not being able to comply with the deadline he announced in public for dismissal of Fanita and for starting an investigation at Agroexport.

The general meeting that was to have analyzed wholesale operations and to have removed Fanita from office has been repeatedly postponed, as a result of Trita's maneuvering, in defiance of orders from the head of government and of the ministry of the council of authorized government representatives. The newspaper LIBERTATEA recently announced that the general meeting has

been postponed again and has been set for 7 April, another diversion being made to keep Trita Fanita in office.

Agriculture minister Ioan Oancea has decided finally to put an end to this masquerade, assuming all the risks that this involves, and yesterday signed an order directing removal of Trita Fanita from office. It is to be hoped that Mr. Oancea's firm stance will be well received by the government and that other actions will also be initiated to remove the corrupt directors of the Ministry of Agriculture. However, we can expect the agrarian mafia to continue to try to reverse the situation and keep their protege by any means possible, primarily because this man knows too much.

Finally, we must point out that, while ADEVARUL has turned up incontestable evidence revealing the swindles and illegal acts committed by Fanita, two Bucharest dailies have published responses covering entire newspaper pages. Agroexport has paid 15 million lei for the printing of these replies, to give only the amount entered in official records. But this is their affair, and so I will leave judgment of them to the readers they still have left.

I hope that the police and public prosecution authorities and those of the Ministry of Finance and the Exchange Rate Court will complete the investigations initiated into Fanita's business dealings running into the billions to the detriment of Romania's currency and interests.

As a postscript I report that at its meeting yesterday the cabinet was informed by the agriculture minister of the step had taken.

#### \* Romanian-Hungarian Ratios in Official Posts

##### \* Hungarians Seen Losing Positions

93BA0998A Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 16 Apr 93 p 7

[Interview with Senator Gabor Kozsokar, representative of the Democratic Union of Hungarians in Romania, by Andras B. Kovacs; place and date not given: "It Fell on Deaf Ears With the Government, but It Must Continually Be Considered"]

[Text] *Senator Gabor Kozsokar was a member of the delegation from the Democratic Union of Hungarians in Romania [RMDSZ] which conducted negotiations with government organs in the matter of the prefects before the disputed decision was made. His substantial arguments have not yet been granted a hearing, but it does no harm if our readers become aware of the documentation our delegation used to support the rightful claims of Hungarians.*

[Kozsokar] Although the data we obtained did not cover every area, they were exemplary and significant. Namely, they had to do with the nationality of those in leading positions and with ratios. We had to do this because it was often proclaimed that after the municipal

elections there are many Hungarians in the councils. Of course, in the course of democratic elections, ratios developed in the municipal organs that reflect the population's political and national composition.... Thus, they proclaimed that in order to balance the situation, and to achieve that the Romanian element not be disregarded, it is necessary to appoint a Romanian prefect. We attempted to prove that such a step would create tension, dissatisfaction, and suspicion in the population, and thus it would be more expedient to appoint an objective, impartial Hungarian; this would boost regard for the law, as well. Namely, the Hungarians of the county have reason to be fearful and suspicious. Contrary to the fabrications of the Har-Kov [Hargita-Kovaszna (Covasna)] report, here it is the Hungarians who feel that their existence is in danger, because they will sooner or later lose leading positions; job possibilities are becoming limited, and all of this is a motivation for migration. I say migration because it can take two forms: People either move to more remote counties of the country—during the Ceausescu era they tried to mix ethnic groups, breaking up the blocks of minorities; they tried to reverse the ratios—or they go abroad. People will do it if they don't see their future and their livelihood secured.

Our data on the minority status of those in leading positions were as follows: I took with me the list of the prefecture's positions and employees, including the names. It turned out that after the Hungarian county chief was dismissed, every leading position was filled by Romanians. The directors general, department heads and the office chiefs are all Romanians, and executive positions (supervisors, officials) are also only held by Romanians; Hungarian names can only be found in the group of drivers and typists. We asked, if they appoint a Romanian prefect, whom will he hire for the vacant positions? Obviously not Hungarians. And what kind of objectivity will an organ like this exhibit in supervising the work of the council, because there have been examples for attacking decisions not only because they violated legality, but also for the lack of so-called opportunity, thus hindering the work. Moreover, the prefect is the chief of the administrative departments of education, finance, health, security, etc. What kind of policy will he pursue there, and how will the composition of the personnel of these departments look in terms of nationality?

We also mentioned other institutions. Let us disregard the military. Incidentally, it is well known that Hungarians can only be found sporadically among the officers. But there is the police, one of the most important departments. Although the number of policemen has increased more than threefold since 1989, the ratio of Hungarians has unbelievably diminished; it barely exceeds 10 percent, not to speak of the fact that there are hardly any persons left in leading positions among them. The ratios have become imbalanced in other state institutions, as well. I would not omit the State Archives, either, where one can only find nationalist communist

leadership and employees, and the fate of documents which preserve our traditions and national identity is questionable.

I tried to survey the situation of businesses, as well. I did not succeed in comprising the whole, but a tally of the leaders of 71 more important economic units and state institutions must say something about the ratios. Here, more than 80 percent of the employees and workers is Hungarian, the rest is Romanian or in smaller numbers another minority. Regarding the positions of presidents, directors general, and directors (the heads of the companies) it can be stated that 40 of them are Hungarians, 28 are Romanians, and three are of a different nationality; this means that the ratio of Hungarian leaders is 56.4 percent, of Romanians is 39.4 percent, and thus the latter is far above the proportion of Romanians among employees and in the population.

As far as the composition of elected councils is concerned: In areas where the majority of the population or the entire population is Hungarian, the majority of councilmen is Hungarian; in Romanian areas the situation is the same. Concerning the mayors, their ethnic ratio also corresponds exactly to the composition of the population. This is a true reflection of the situation because these were not appointments. In the county council the situation is the same. Of the first four people, president, two vice presidents, and a secretary, two are Romanians and two are Hungarians. In a lower position there are 72 persons, down to inspectors and referents, of whom 18 are Romanians, exactly 25 percent. Among the 72, there are 17 directors, submanagers, department heads and office chiefs; of them, five are Romanians, thus, here their ratio is already more than 30 percent. At this point I would like to remark that many of them had a position at the previous county popular council; they stayed here, and no one drove them out. There was no "Hungarianization" when the county council was formed. During this time, however, the prefecture became completely Romanian.

Thus, our expectation that the prefect be Hungarian is justified. Incidentally, a Hungarian is perhaps even more demanding of Hungarians than others, lest he be accused of being partial, and generally he is lenient towards Romanian employees. Now then, a hostile prefect—and I know the one who was just appointed well, and one cannot say that he has any good will at all—can obviously achieve (although he has nothing to say about the management of business) that the ratios continue to deteriorate to the detriment of Hungarians. Moreover, unemployment and poverty is on the increase all over the country, and the population rightfully asks: Who will be the first to be fired? By the way, in the employment administration, there are no more Hungarians in leading positions....

I have examples to prove that on the contrary, during the past three years the Romanian area was not subject to any disregard; it was perhaps supported even more than the rest of the county, and the people there were the first

to get their forests back. Thus, there was no discrimination of any kind. It is to be anticipated that the present prefect will act differently. Incidentally, the people of Bodzafordulo [Intorsura Buzaului] felt resentful towards the Romanian vice prefect (dismissed in the meantime) who refused their request saying, "We will not give you the forests, because then we will also have to give forests to the Hungarians."

[Kovacs] You spent your entire life here. Looking back, these are distortions which took shape under the pressure of decades....

[Kozsokar] I was born here. We can assert that the present disregard for Hungarians is part of the process which began a long time ago. I knew the little town of Sepsiszentgyorgy [Sfintu Gheorghe], as well. One could not hear Romanian spoken in the town; there were only a few people with Romanian names, and they called themselves Hungarians. When I was a child. In time, of course, the composition of the population changed; everyone is looking for a living where he sees fit.... However, after a while the intentional distortion of ratios became visible. More and more Hungarian colleagues were removed from important institutions. In 1961, when I graduated from the Bolyai University and wanted to start working as a public prosecutor in Sepsiszentgyorgy, they would have hired me, but it turned out that it was impossible, because there were five Hungarians in the public prosecutor's office, and one of them would have had to be dismissed in order to hire one Romanian. And now the problem is that a Hungarian would have to be brought from somewhere, so that there would be one.

#### \* 'Discrimination' Charged

93BA0998B Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 27 Apr 93 p 1

[Interview with Senator Gabor Kozsokar, representative of the Democratic Union of Hungarians in Romania, by Andras B. Kovacs; place and date not given: "Imbalances, Discrimination; Hotbed of Subversion"]

[Text] In our previous interview [ROMANIAI MAGYAR SZO, No. 1005, 17 April 1993] Senator Gabor Kozsokar told us how the ethnic composition of the county seat's population changed since his childhood, and in connection with the prefect issue he mentioned especially the excesses of the last decades of the Ceausescu era, as a consequence of which the majority Hungarian population is underrepresented in the administration, in the leadership of economic units, and in the county's vital organs; moreover, members of the Hungarian population were expressly thrust in the background or thrown out. This serious distortion remained after 1989; among military officers or at the police, one can find only a few isolated Hungarians, and among the present staff of the prefecture, Hungarians can only be found among the drivers and typists; there is not a single Hungarian in a leading position in the employment administration and the



*county archives, and the Romanian element is overrepresented even in businesses and administrative departments. At the same time, the senator pointed out that in elected municipalities and mayoral offices Romanians are proportionately represented everywhere. In the second part of the interview the senator mentioned other aspects of the process.*

[Kozsokar] Twenty years ago many Hungarians were working at the county court and the Sepsiszentgyorgy court; today, one can find one or another as an exception. One of the reasons for this is an intentional cadre policy, and the other, that the number of professionally trained Hungarians has diminished. After the Bolyai University was liquidated, they announced that everyone had equal chances. But Hungarian students, even if they took entrance examinations, learned and prepared, went to Romanian classes in high school to learn the language better, were not able to get into the universities beyond a certain quota. The number of graduates has diminished to such an extent that it did not allow for adequate replacement. Moreover, as a consequence of the well-known policy of transfer, local graduates ended up in Botosani, Iasi, and Bako counties, and graduates from there in Kovaszna and Hargita counties. It was an explicit political rule: It was determined whether a given leading position is a Romanian or Hungarian position. And then, there was a certain quota in political and state administration for Hungarians. Well, for those, they sought Hungarians who were prepared to...

Many people remember the 1984 attempt to blow up a statue. My opinion was and is that it was an intentional, arranged provocation. Because on the basis of this incident they decided that there is a "danger" here and a heavy hand is necessary to maintain security. As a consequence, at the county and city police, Hungarians were dismissed or sent into retirement; they were replaced by Romanians, and it was proclaimed openly that in county and state institutions the primary leader cannot be Hungarian, only Romanian. Up to that point, the public prosecutor's office was headed by a Romanian, and the court by a Hungarian; this was also abolished. This is the way it remained until 1989 when, as a position switch with the consent of the chief prosecutor's office and the justice ministry, both institutions received a Hungarian leader. This was the extent of the change, because at a place where there are no other Hungarians, the only one will always be in the minority when decisions are made. On the other hand, the situation is unchanged at the police and other institutions.

[Kovacs] The people have the suspicion that locally the settling bureaucrats are in the background of hysterical campaigns of demagoguery and the flurry surrounding the Har-Kov [Hargita-Kovaszna] report; their fear for their jobs delivered the ammunition to central trouble-makers.

[Kozsokar] Yes, indeed. With a little bit of courage I might add that it was a premeditated political move. I

said that we are dealing with discrimination which began long ago, and those who wish to continue in this way were looking for a pretext. Knowingly. In the Ceausescu era the slogan was: We will insure equality for everyone by moving Hungarians to Romanian areas, so that they would learn Romanian well. Hungarian universities and schools are not necessary, because if the Hungarians don't learn Romanian perfectly, they will not be able to have a career like Romanians. Thus, out with them, away from their community; let them forget their language, culture, and traditions! Today this can no longer be proclaimed, because we are supposed to be building a democracy, so they had to come up with something else. For instance, with accusing the local Hungarians of driving Romanians away. "Proof" of this was provided by the few Romanians who had been transferred here against their will and who did not wish to settle here, but yearned to go back home to Bucharest or elsewhere; they only had temporary residence permits entered in their identification papers, and as soon as they were able to get away, they left. Well, this was represented to the public as persecution which must be constrained; the majority must be intimidated, and Romanians must be appointed to leading positions. Well, census data prove that the proportion of Romanians grew, and that of Hungarians decreased. There are several reasons for this; beyond the population growth also the fact that Hungarians were moving out and Romanians were moving in. At any rate, we are dealing with a consciously directed policy, even if those who implement it don't always know under what pressure and why they are acting in this way.

[Kovacs] Thus, the eventual solidification of democracy must bring about a change in leadership structure as well.

[Kozsokar] Obviously. We should arrive at a level already that when filling a leading position, the competence and moral standing of the applicant should be decisive and not his ethnic or political affiliation. The chances would be different, and we would have no reason to object if a Romanian got a certain position. If he was better prepared and his morals guaranteed that he would be objective and honest, then let him get it. But what should we say about this present case? Everyone knows that as soon as he wields power, he will crack down on those he doesn't like, or he will seek advantages.

I will finish with a request to young people. Get a good education, and stay at home. Otherwise our fight for filling the positions is in vain.

#### **\* Tirgu Mures Police Press Case Against Hungarian**

93BA0983A Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 23 Apr 93 p 7

[Reprint from NEPSZABADSAG of interview with Elod Kincses, a former leader of the Democratic Union of Hungarians in Romania, by Gabor Horvath; place and date not given: "Romanian Summons for an Involved Party; Sword of Damocles Over Elod Kincses's Head"]

[Text] *ROMANIAI MAGYAR SZO* recently published a summons served on Elod Kincses which revealed that because of the March 1990 events in Marosvasarhely [Tirgu Mures], Romanian organs are taking measures against the lawyer from Marosvasarhely who is currently residing in Budapest.

[Horvath] Thus they did not fulfill the promise, made in September by Victor Babiuc, Romanian interior minister at the time, to close the inquiry in a short time?

[Kincses] At the time Babiuc said it in the conditional, and for this reason in December, as the new Romanian government was formed, I appealed to Foreign Minister Teodor Melescanu to finally close the investigation after three years and determine my innocence. Melescanu forwarded my appeal to the chief prosecutor of Romania, who forwarded it to the Maros county public prosecutor's office, and they in turn sent it on to the police. Incidentally, I think that these organs are fairly close to people in Vatra Romaneasca. This summons was sent by the police.

[Horvath] Is this a "peaceable" summons? After all, you are not mentioned as a witness, much less as a suspect, but rather a person "involved" in the events.

[Kincses] This has nothing to do with being peaceable. Legally this document is impossible to interpret, because the concept of an "involved person" is unknown even to Romanian justice. I would like to finally have this matter clarified, and thus I will send a new appeal to the Maros [Mures] county authorities, requesting them to determine in a category known to the Romanian penal code in what capacity they wish to interview me: as a witness, or as a suspect. If they want to interview me as a suspect, then I will demand that they request my extradition in accordance with Articles No. 57 and 59 of the Hungarian-Romanian agreement on legal assistance, and include "the document describing the act, and the proofs of having committed the act and its classification at their disposal." Both professionally and personally I am very curious what the materials of a 1993 show trial look like. If the Romanian authorities fail to take the necessary legal steps, I will appeal to the Strasbourg and the Hague courts.

[Horvath] Does this summons mean that if you went home to visit your family they could arrest you?

[Kincses] If criminal proceedings are under way against me, an arrest warrant can be served any time. This is a sword of Damocles which they suspended permanently over my head.

#### **Royal Visit, Monarchy Supporters Criticized**

93BA926A Bucharest *EUROPA* in Romanian  
6-13 Apr 93 p 3

[Article by Liviu Olteanu: "Are We Really Still in Romania?"]

[Text] This question was being asked by most Romanian-nationality residents of Cluj, Harghita, Mures, and Bihor counties when they unceremoniously found out that the Hungarian flag and the Horthyist coat of arms were being raised and the Hungarian national hymn was being sung during some chauvinist, Horthyist-UDMR [Democratic Association of Hungarians in Romania] demonstrations. Defying any rules and regulations regarding respect for ethics and behavior, natural and normal components of the Romanian national state, the Hungarian fanatics are vehemently demonstrating their irredentist-chauvinist attitude, going around the streets waving their flags, raising them around representative institutions of the Romanian state, singing their hymn and songs which incite disorder and revolt. Attempts were made in some counties through orders or various provisions or written decisions to prohibit these reckless and shameful attitudes; however, they were ridiculed and ignored completely.

These same chauvinist infections continue to ridicule or desecrate monuments to the heroes of the Romanian people, to boycott the monuments celebrating our Romanian tribunes and heroes of the country in every possible way, to change the names of streets and localities from Romanian into the language of Attila.

This same question is also being asked by those who had to put up with the masquerade caused by the Romanian pseudoqueen Anne the Stutteress [Ana de Balbana] coming to Romania, a person to whom the handicapped people faithful to the monarchy's stupid habits showed complete obedience. Those were painful moments when the Romanian pseudomonarch Anne appeared in a faculty assembly hall which had had a good reputation up until then and did not say "boo" as if she were at a meeting of deaf mutes or when the royal hymn was sung in honor of her and "Mike the Commuter" [sarcastic reference to King Michael] or when flags with the royal coat of arms were raised. We have already written about her hateful speech but very little has been written about the reprehensible fact that these antirepublic and anticonstitutional demonstrations took place in two important national institutions such as the Faculty of Law (headquarters of the University of Bucharest) and the Romanian Opera, where all those with ill will toward our long-suffering people were mobilized in order to make a show of their false feelings. Added to these hateful spectacles were the street demonstrations or the hypocritical ones at the monuments to the Heroes of the Revolution or the Unknown Hero. These were demonstrations which simply defile and profane the memory and sacred feelings nurtured by the true Romanians. It is humiliating and extraordinarily offensive for the population in those areas where these anticonstitutional and antirepublic demonstrations took place, clearly directed against Romania, to continue enduring them!

It is strictly necessary by law to end these continuing anti-Romanian wrongs and admonitions once and for all through punishments serving as examples to those creating or favoring these diversions!

It is impermissible for the Romanian people to have to endure or tolerate the insult of patriots and of Romania any longer!

It is urgently necessary for the true and honest Romanians in Parliament and the government to take all

measures to categorically eliminate these base and humiliating insults to our country!

To the members of Parliament and the government: Remember one great truth, This country in its entirety is to be called Greater Romania and nothing else!

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